

BANK INDONESIA

No. 17/37/DPM

Jakarta, November 16, 2015

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS AND INTERMEDIARY AGENCIES

IN INDONESIA

Concerning : Open Market Operations

In connection with Bank Indonesia Regulation Number 12/11/PBI/2010 concerning Monetary Operations (State Gazette of the Republic of Indonesia of 2010 Number 84, Supplement to State Gazette of the Republic of Indonesia Number 5141) as last amended by Bank Indonesia Regulation Number 17/20/PBI/2015 (State Gazette of the Republic of Indonesia of 2015 Number 275, Supplement to State Gazette of the Republic of Indonesia Number 5764) and to strengthen the infrastructures of Monetary Operation transactions, it is necessary to re-regulate the implementing provisions for open market operations in this Bank Indonesia Circular Letter as follows:

I. GENERAL PROVISIONS

A. In this Bank Indonesia Circular Letter:

1. Monetary Operation shall be the implementation of monetary operations by Bank Indonesia for monetary control through open market operations and standing facilities.

2. Open Market Operation, hereinafter referred to as OMO, shall be transactions in money market conducted by Bank Indonesia with Banks and/or other parties in the context of Monetary Operations.
3. OMO Participants shall be Banks, which meet the requirements as Monetary Operation participants as specified in Bank Indonesia Regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
4. Bank shall be Commercial Bank as referred to in the applicable Act concerning Banking, conducting conventional business activities.
5. Intermediary Agencies shall be brokers of Rupiah and foreign currency markets and securities companies appointed by the Finance Minister of the Republic of Indonesia as the major dealer as specified in Bank Indonesia Regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
6. Securities shall be securities issued by Bank Indonesia, Sovereign Securities, and other securities used in Monetary Operations as specified in Bank Indonesia Regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
7. Bank Indonesia Certificate, hereinafter referred to as SBI, shall be securities in rupiah currency issued by Bank Indonesia as acknowledgment of short-term indebtedness.
8. Bank Indonesia Deposit Certificate, hereinafter referred to as SDBI, shall be securities in rupiah currency issued by Bank Indonesia as acknowledgment of short term indebtedness, which may only be traded between Banks.

9. Sovereign Securities, hereinafter referred to as SBN, shall be Sovereign Debt Securities and Sovereign Sharia Securities.
10. Sovereign Debt Securities, hereinafter briefly referred to as SUN, shall be securities in the form of acknowledgment of indebtedness in rupiah currency or foreign currency, the payments of interest and principal of which guaranteed by the Government of Republic of Indonesia, in accordance with the validity thereof, as referred to in the Sovereign Debt Securities Act.
11. Sovereign Sharia Securities, hereinafter referred to as SBSN, or may be referred to as Sovereign Sukuk, shall be SBN issued based on the sharia principles, either in rupiah currency or foreign currency, as proof of participation in SBSN assets, as referred to in the Sovereign Sharia Act.
12. Repurchase Agreement Transaction, hereinafter referred to as Repo Transaction, shall be sale of Securities by Monetary Operation participants to Bank Indonesia with a repurchase obligation by Monetary Operation participants at the agreed price and on the agreed term.
13. Reverse Repo Transaction shall be buying Securities by OMO Participants from Bank Indonesia with a reverse repo obligation by OMO Participants at the agreed price and on the agreed term.
14. Term Deposit shall be placement of fund in Rupiah and/or foreign currencies owned OMO Participants in a termed manner in Bank Indonesia.
15. Outright Transaction shall be buying and selling Securities by Monetary Operation participants to Bank Indonesia in an outright manner without any re-selling and re-buying obligation by Monetary Operation participants.
16. Current Account shall be Bank's current account with Bank Indonesia.

17. Securities Account shall be OMO Participant's account on BI-SSSS in Rupiah and/or other currencies administered in Bank Indonesia to record ownership and settlements of securities transactions, transactions with Bank Indonesia, and/or financial market transactions.
18. Sub-Registry shall be Bank Indonesia and parties, which meet the requirements and are approved by Bank Indonesia as BI-SSSS participants to perform administrative functions for the interest of customers.
19. Bank Indonesia-Real Time Gross Settlement System, hereinafter referred to as BI-RTGS System, shall be an electronic fund transfer system between BI-RTGS System participants in rupiah whose settlements are made real-time per individual transaction as specified in Bank Indonesia regulation concerning transaction implementation, securities administration, and real-time fund settlement.
20. Bank Indonesia-Scripless Securities Settlement System, hereinafter referred to as BI-SSSS, shall be an infrastructure used as a transaction administration facility with Bank Indonesia and financial market transactions, as well as securities administration, conducted in an electronic manner as specified in Bank Indonesia regulation concerning transaction implementation, securities administration, and real-time fund settlement.
21. Bank Indonesia-Electronic Trading Platform, hereinafter referred to as BI-ETP System, shall be an infrastructure used as transaction facility with Bank Indonesia and financial market transactions as specified in Bank Indonesia regulation concerning transaction implementation, securities administration, and real-time fund settlement.

22. Commercial Bank Daily Report System, hereinafter referred to as LHBU System, shall be a means for Bank to report to Bank Indonesia on a daily basis, including provision of money market information and announcements from Bank Indonesia.
23. Transaction of Sale of Foreign Currencies against Sovereign Securities, hereinafter referred to as Transaction of Foreign Currencies against SBN, shall be transaction of sale of foreign currencies against Rupiah by Bank Indonesia through outright SBN buying by Bank Indonesia in a simultaneous manner.
24. Correspondence Bank shall be bank to maintain current accounts in foreign currencies for payment and/or receipt of funds in foreign currencies to or from Bank.
25. Foreign Exchange Bank shall be Bank which obtains appointment letter from the competent authority to carry on banking business activities in foreign exchange.
26. Swap Transaction shall be transaction of exchange of foreign currencies against Rupiah through spot buying or selling by forward re-selling or re-buying at the same time with the same counterpart at the specified and agreed price on the transaction date.
27. Bank Indonesia's Buying Swap Transaction shall be transaction of sale of foreign currencies by Bank Indonesia through spot sale by forward re-buying of foreign currencies by Bank Indonesia at the same time with the same counterpart at the specified and agreed price on the transaction date.
28. Bank Indonesia's Sale Swap Transaction shall be transaction of buying foreign currencies by Bank Indonesia through spot purchase by forward re-

selling of foreign currencies by Bank Indonesia at the same time with the same counterpart at the specified and agreed price on the transaction date.

29. Standard Settlement Instruction shall be a certain guideline in making fund transfer through means of telecommunication, which among others contain Correspondence Bank's name, account number, clearing code, and Society for Worldwide Interbank Financial Telecommunication (SWIFT) code.
 30. Forward Transaction shall be selling or buying transaction between foreign currencies against Rupiah with fund delivery more than 2 (two) business days after the transaction date.
 31. Bank Indonesia's Sale Forward Transaction shall be transaction of sale of foreign currencies against Rupiah with fund delivery more than 2 (two) business days after the transaction date.
 32. Bank Indonesia's Buying Forward Transaction shall be transaction of buying foreign currencies against Rupiah with fund delivery more than 2 (two) business days after the transaction date.
 33. Jakarta Interbank Spot Dollar Rate, hereinafter referred to as JISDOR, shall be representation of spot US dollar rate against Rupiah from transactions between Banks in domestic market, including Bank's transactions with banks overseas, whose transaction data may be accessed through Monitoring System of Transactions of Foreign Currencies against Rupiah.
 34. Delivery Versus Payment, hereinafter referred to as DVP, shall be transaction settlement mechanism through Securities settlements and fund settlements at the same time.
- B. For OMO, Bank Indonesia may apply liquidity absorption and/or liquidity injection by using one or more instruments to affect liquidity in the money market

and manage liquidity in foreign currency market to maintain availability of monetary operation instruments necessary to achieve the operational targets of monetary policies adopted by Bank Indonesia.

II. SBI ISSUANCE

1. SBI issuance is an instrument used by Bank Indonesia for Rupiah liquidity absorption in money market.
2. SBI has the following characteristics:
 - a. has a unit of Rp1,000,000.00 (one million rupiah);
 - b. has the shortest term of 1 (one) month and the longest term of 12 (twelve) months, declared in the number of days calculated 1 (one) day after the settlement date until the due date;

Example of SBI term calculation is contained in Appendix I.
 - c. is issued and traded in discount system;
 - d. is issued and transacted in BI-ETP System;
 - e. is issued scripless and administered on BI-SSSS;
 - f. is negotiable;
 - g. may be transacted in an outright manner, borrowing, grant, repurchase agreement (repo), or put up as collateral;
 - h. SBI, which is still put up as collateral, may not be traded;
 - i. is fully paid on the due date at the nominal value of due SBI;
 - j. Bank Indonesia may make an early redemption based on considerations relevant to monetary management strategies; and
 - k. The early redemption of SBI set forth in letter j is made with the approval of SBI's owner.

3. SBI Issuance Method

- a. SBI is issued under tender mechanism through BI-ETP System.
- b. SBI tender mechanism is applied with the following methods:
 - 1) fixed rate tender at the SBI tender discount rate specified by Bank Indonesia; or
 - 2) variable rate tender at the SBI tender discount rate submitted by OMO Participants.

4. Announcement and Implementation of SBI Tender

- a. SBI tender shall be conducted on business days determined by Bank Indonesia.
- b. Window time of SBI tender may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.
- c. Bank Indonesia shall announce SBI tender plan and its change no later than the window time through BI-ETP System, LHBUS System, and/or any other means.
- d. SBI tender plan announcement contains among others:
 - 1) means of transaction;
 - 2) tender date;
 - 3) window time;
 - 4) term;
 - 5) tender method;
 - 6) indicative target (if tender is conducted in variable rate tender method);

- 7) SBI discount rate (if tender is conducted in fixed rate tender method);
and/or
- 8) settlement date and time.

5. SBI Tender Bid Submission

- a. An OMO Participant may submit a bid for SBI tender directly and/or through an Intermediary Agency.
- b. The Intermediary Agency shall then submit the bid for SBI tender in the interest of the OMO Participant.
- c. Directly and/or through an Intermediary Agency, OMO Participant shall submit the bid for SBI tender to Bank Indonesia through BI-ETP System on the determined window time.
- d. Any submitted bids for SBI tender shall include the following information:
 - 1) nominal value for tender in fixed rate tender method; or
 - 2) nominal value and discount rate for tender in variable rate tender method,for each term of SBI to be issued.
- e. An OMO Participant shall submit its bid at a nominal value of at least Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
- f. If SBI tender is made in variable rate tender method, any discount rate bid shall be submitted in multiples of 0.01% (one per one thousand).
- g. OMO Participants and Intermediary Agencies shall be responsible for the accuracy of SBI bid data submitted to Bank Indonesia.
- h. OMO Participants and Intermediary Agencies shall be prohibited from cancelling SBI bids submitted to Bank Indonesia.

6. Determination of SBI Tender Winner

- a. If SBI is conducted in fixed rate tender method, any won SBI determination shall be calculated in the following manners:
 - 1) Bid for nominal value submitted by OMO Participant is won entirely.
 - 2) If necessary, any bid for nominal value submitted by OMO Participant may be won partly based on proportional calculation in accordance with Bank Indonesia calculation with the smallest SBI nominal rounding of Rp1,000,000.00 (one million rupiah).
- b. If SBI is conducted in a variable rate tender method, any won SBI determination shall be calculated in the following manners:
 - 1) Bank Indonesia determines the highest acceptable discount rate or Stop Out Rate (SOR); and
 - 2) Bank Indonesia determines the nominal value of SBI won in the following manners:
 - a) if the discount rate submitted by an OMO Participant is lower than the determined SOR, the OMO Participant will win the submitted SBI entirely; and
 - b) if the discount rate submitted by an OMO Participant is equal to the determined SOR, the OMO Participant will win the entire or partly submitted SBI in the amount proportionally calculated in accordance with Bank Indonesia calculation, with the smallest SBI nominal rounding of Rp1,000,000.00 (one million rupiah).
- c. Bank Indonesia may determine that there is no SBI tender winner.

7. Announcement of SBI Tender Result

Bank Indonesia shall determine SBI tender result after window time is closed in the following manners:

- a. individually to tender winners through BI-ETP System, among others in the form of nominal value, discount rate, and the won SBI cash value;
- b. entirely through BI-ETP System, LHBUS System, and/or other means, among others in the form of weighted average of SBI discount rate, SOR, and/or the won nominal value.

8. SBI Tender Settlement

a. SBI Tender Result Settlement

- 1) Bank Indonesia conducts SBI tender result settlements no later than 1 (one) business day after the announcement of SBI tender result.
- 2) OMO Participants must have fund in their Rupiah Current Account adequate for SBI tender result settlements.
- 3) Bank Indonesia shall make fund settlements of SBI tender result by debiting Rupiah Current Account in the amount equal to SBI cash value and Securities settlements by crediting Securities Account in the amount equal to SBI nominal.
- 4) SBI cash value set forth in point 3) is calculated based on true discount with the following formula:

$\frac{\text{SBI cash value}}{\text{value}} = \frac{\text{Nominal value} \times 360}{360 + (\text{Discount rate} \times \text{Term})}$
--

$\text{discount value} = \text{nominal value} - \text{cash value}$
--

Note:

nominal value = the nominal value of won SBI

discount rate = the won discount rate

term = number of days calculated 1 (one) day after SBI
tender settlement date until the due date

Example of calculation of SBI cash value and discount rate is specified in Appendix I.

- 5) Fund settlement as specified in point 3) shall be made in the mechanism of settlements of individual transaction (gross to gross) and DVP.
- 6) If fund in Rupiah Current Account is not adequate to meet settlement obligation until the cut-off warning period of BI-RTGS System, which results in SBI tender settlement failure, BI-SSSS shall automatically cancel the won SBI tender transactions of the relevant OMO Participants.
- 7) On cancellation of SBI tender transaction set forth in point 6), OMO Participant shall be imposed with the sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

b. SBI Payment Settlement

- 1) Bank Indonesia shall fully pay any due SBI based on SBI ownership recorded on BI-SSSS 1 (one) business day prior to the SBI due date.
- 2) If after a transaction is made, SBI due date is determined as a holiday by the government, SBI payment settlement will be made on the following business day without calculating additional discount on such holiday.
- 3) On SBI due date, Bank Indonesia shall fully pay SBI in the following manners:

- a) by crediting Rupiah Current Account of SBI owner in the amount equal to the nominal value of the due SBI; and
- b) by debiting Securities Account of SBI owner in the amount equal to the nominal value of the due SBI.

9. Limitation of SBI Transactions for 1 (one) Week Since SBI Ownership (Minimum Holding Period)

a. Provisions

- 1) Within 1 (one) week, that is 7 (seven) calendar days as from buying settlement date, any SBI owners are prohibited from transacting SBI owned by another party.
- 2) The prohibited SBI transactions set forth in point 1) among others are Repo Transactions, Outright Transactions, grants, and collateralization.
- 3) By considering the arrangement set forth in point 1), Repo Transactions of sell and buy back SBI may not be conducted in a period of less than 1 (one) week or 7 (seven) calendar days.
- 4) By considering the arrangement set forth in point 1), if SBI transactions have a second leg and transfer of ownership does not occur, among others are repo collateralized borrowing, pledging, and securities lending and borrowing, SBI owners may directly re-transact the SBI after the due date of the second leg.
- 5) By considering the arrangement set forth in point 1), if SBI transactions have a second leg and transfer of ownership occurs, among others are repo sell and buyback of SBI, SBI owners may directly re-transact the SBI under the following provisions:

- a) If the second leg of the Repo Transaction is successful, the SBI may be re-transacted by a repo seller 1 (one) week or 7 (seven) calendar days as from the settlement date of the SBI transaction's second leg.
 - b) If the second leg of the Repo Transaction is not successful, the SBI may be re-transacted by a repo purchaser 1 (one) week or 7 (seven) calendar days as from the settlement date of the SBI transaction's first leg.
- 6) If an SBI transfer between Sub-Registries without ownership transfer or SBI transfer due to merger, acquisition, and consolidation, SBI may be re-transacted 1 (one) week or 7 (seven) calendar days as from the SBI is recorded in the first Sub-Registry or first Securities Account.
- 7) The prohibition to transact the owned SBI with any other parties within 1 (one) week or 7 (seven) calendar days set forth in point 1) shall not apply for SBI transactions by any OMO Participants with Bank Indonesia.
- 8) A Sub-Registry must administer SBI owned by their customers by fulfilling the provisions set forth in point 1) until point 7).
- b. Supervision
 - 1) Bank Indonesia shall conduct direct monitoring and/or supervision of the implemented SBI transaction limitation for 1 (one) week or 7 (seven) calendar days since SBI ownership by any OMO Participants and Sub-Registries.

- 2) If there is any indication of violation of the implemented SBI transaction limitation set forth in letter a, Bank Indonesia must submit a confirmation request letter to the OMO Participant and/or Sub-Registry.
- 3) The OMO Participant and/or Sub-Registry, that receives the confirmation request letter set forth in point 2) shall submit their response in writing to Bank Indonesia no later than 3 (three) business days as from the date of the confirmation letter from Bank Indonesia.
- 4) If the time limit set forth in point 3), the OMO Participant and/or Sub-Registry fail to submit their written response, the OMO Participant and/or Sub-Registry shall be considered to confirm the violation indication.
- 5) On the violation of the implemented SBI transaction limitation set forth in letter a, Bank Indonesia shall impose sanctions as specified in Bank Indonesia Regulation concerning Monetary Operations.

III. SDBI ISSUANCE

1. Issued SDBI shall be an instrument used by Bank Indonesia for Rupiah liquidity absorption in the money market.
2. SDBI has the following characteristics:
 - a. has a unit of Rp1,000,000.00 (one million rupiah);
 - b. has the shortest term of 1 (one) day and the longest term of 12 (twelve) months, declared in the number of days calculated 1 (one) day after the settlement date until the due date;

Example of SBI term calculation is contained in Appendix II.

- c. is issued and traded in discount system;
- d. is issued and transacted in BI-ETP System;
- e. is issued scripless and administered on BI-SSSS;
- f. may only be owned by Bank;
- g. is negotiable only between Banks;
- h. may only be transacted between Banks, among others in an outright manner, lending and borrowing, grant, repurchase agreement (repo), or collateralized;
- i. SDBI in collateral status is not negotiable;
- j. is fully paid on the due date in the amount equal to the nominal value of the due SDBI;
- k. Bank Indonesia may fully pay SDBI prior to the due date based on considerations relating to monetary management strategies; and
- l. SDBI full payment prior to the due date set forth in letter k may only be made with the approval of an SDBI owner.

3. SDBI Issuance Method

- a. SDBI shall be issued in tender mechanism through BI-ETP System.
- b. SDBI tender mechanism shall be conducted in the following methods:
 - 1) fixed rate tender at an SDBI discount rate determined by Bank Indonesia; or
 - 2) variable rate tender at an SDBI discount rate determined by OMO Participant.

4. Announcement and Implementation of SDBI Tender

- a. SDBI tender is conducted on business days determined by Bank Indonesia.

- b. Window time of SDBI tender may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.
- c. Bank Indonesia shall announce SDBI tender plan and its change no later than the window time through BI-ETP System, LHBUS System, and/or any other means.
- d. SDBI tender plan announcement contains among others:
 - 1) means of transaction;
 - 2) tender date;
 - 3) window time;
 - 4) term;
 - 5) tender method;
 - 6) indicative target (if tender is conducted in variable rate tender method);
 - 7) SDBI discount rate (if tender is conducted in fixed rate tender method); and/or
 - 8) settlement date and time.

5. SDBI Bid for tender Lodging

- a. An OMO Participant may submit SDBI bid for tender directly and/or through an Intermediary Agency.
- b. Intermediary Agency shall then submit SDBI bid for tender for the interest of the OMO Participant.
- c. Directly and/or through an Intermediary Agency, OMO Participant shall submit SDBI bid for tender to Bank Indonesia through BI-ETP System on the determined window time.

- d. Any submitted SDBI bid for tenders include the following information:
 - 1) nominal value for tender in fixed rate tender method; or
 - 2) nominal value and discount rate for tender in variable rate tender method,for each term of SBI to be issued.
 - e. An OMO Participant shall submit any bid at a nominal value of at least Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
 - f. If SDBI tender is conducted in variable rate tender method, any discount rate bid is submitted in multiples of 0.01% (one per one thousand).
 - g. OMO Participants and Intermediary Agencies shall be responsible for the accuracy of SDBI bid data submitted to Bank Indonesia.
 - h. OMO Participants and Intermediary Agencies shall be prohibited from cancelling SDBI bids submitted to Bank Indonesia.
6. Determination of SDBI Tender Winner
- a. If SDBI is conducted in fixed rate tender method, any won SDBI determination shall be calculated in the following manners:
 - 1) Bid for nominal value submitted by OMO Participant is won entirely.
 - 2) If necessary, any bid for nominal value submitted by OMO Participant may be won partly based on proportional calculation in accordance with Bank Indonesia calculation with the smallest SDBI nominal rounding of Rp1,000,000.00 (one million rupiah).
 - b. If SDBI is conducted in a variable rate tender method, any won SDBI determination shall be calculated in the following manners:

- 1) Bank Indonesia determines the highest acceptable discount rate or Stop Out Rate (SOR); and
- 2) Bank Indonesia determines the nominal value of SDBI won in the following manners:
 - a) if the discount rate submitted by an OMO Participant is lower than the determined SOR, the OMO Participant will win the submitted SDBI entirely; and
 - b) if the discount rate submitted by an OMO Participant is equal to the determined SOR, the OMO Participant will win the entire or part of submitted SDBI in the amount proportionally calculated in accordance with Bank Indonesia calculation, with the smallest SDBI nominal rounding of Rp1,000,000.00 (one million rupiah).
 - c. Bank Indonesia may determine that there is no SDBI tender winner.

7. Announcement of SDBI Tender Result

Bank Indonesia shall determine SDBI tender result after window time is closed in the following manners:

- a. individually to tender winners through BI-ETP System, among others in the form of nominal value, discount rate, and the won SDBI cash value;
- b. entirely through BI-ETP System, LHBUS System, and/or other means, among others in the form of weighted average of SDBI discount rate, SOR, and/or the won nominal value.

8. SDBI Tender Settlement

- a. SDBI Tender Result Settlement

- 1) Bank Indonesia conducts SDBI tender result settlements no later than 1 (one) business day after the announcement of SDBI tender result.
- 2) OMO Participants must have fund in their Rupiah Current Account adequate for SDBI tender result settlements.
- 3) Bank Indonesia shall make fund settlements of SDBI tender result by debiting Rupiah Current Account in the amount equal to SDBI cash value and Securities settlements by crediting Securities Account in the amount equal to SDBI nominal.
- 4) SDBI cash value set forth in point 3) is calculated based on true discount with the following formula:

$\text{SDBI cash value} = \frac{\text{Nominal value} \times 360}{360 + (\text{Discount rate} \times \text{Term})}$
--

$\text{discount value} = \text{nominal value} - \text{cash value}$
--

Note:

nominal value = the nominal value of won SDBI

discount rate = the won discount rate

term = number of days calculated 1 (one) day after
SDBI tender settlement date until the due date

Example of calculation of SDBI cash value and discount rate is specified in Appendix II.

- 5) Fund settlement as specified in point 3) shall be made in the mechanism of settlements of individual transaction (gross to gross) and DVP.

- 6) If fund in Rupiah Current Account is not adequate to meet settlement obligation until the cut-off warning period of BI-RTGS System, which results in SBI tender settlement failure, BI-SSSS shall automatically cancel the won SDBI tender transactions of the relevant OMO Participants.
- 7) On cancellation of SDBI tender transaction set forth in point 6), OMO Participant shall be imposed with the sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

b. SDBI Payment Settlement

- 1) Bank Indonesia shall fully pay any due SDBI based on SDBI ownership recorded on BI-SSSS 1 (one) business day prior to the SDBI due date.
- 2) If after a transaction is made, SDBI due date is determined as a holiday by the government, SDBI payment settlement will be made on the following business day without calculating additional discount on such holiday.
- 3) On SDBI due date, Bank Indonesia shall fully pay SDBI in the following manners:
 - a) by crediting Rupiah Current Account of SDBI owner in the amount equal to the nominal value of the due SDBI; and
 - b) by debiting Securities Account of SDBI owner in the amount equal to the nominal value of the due SDBI.

9. Limitation of SDBI Transactions in Secondary Markets

a. Provisions

- 1) Bank shall be prohibited from transferring or transacting SDBI owned by parties other than Bank.
- 2) The transfer or transaction set forth in point 1) includes among others selling or buying transaction in an outright manner, lending and borrowing, granting or receiving grant, repurchase agreement (repo), granting or receiving collateral.
- 3) Bank may transact SDBI with Bank Indonesia.
- 4) Sub-Registry must administer SDBI of their customers by fulfilling the provisions set forth in point 1).

b. Supervision

- 1) Bank Indonesia shall conduct indirect monitoring and/or supervision of the implementation of provisions set forth in point a.1) by Bank and Sub-Registry.
- 2) On the violation of the provisions set forth in point a.1), Bank Indonesia shall impose sanctions as specified in Bank Indonesia regulation concerning Monetary Operations.
- 3) On the violation of the provisions set forth in point a.1), Bank Indonesia shall make an early redemption of SDBI owned by any parties other than Bank without the approval of the owner.
- 4) The early redemption set forth in point 3) shall be calculated 1 (one) day after the settlement date of SDBI transfer to any parties other than Bank.
- 5) The calculation of SDBI early redemption shall be as specified in Bank Indonesia regulation concerning the criteria and requirements of

Securities, participants, and Intermediary Agencies in Monetary Operations.

IV. SECURITIES REPO TRANSACTIONS

1. Repo Transaction shall be an instrument used by Bank Indonesia for Rupiah liquidity injection in the money market.
2. Repo Transaction shall have the following characteristics:
 - a. Repo Transaction shall be conducted under sell and buy back principle, namely transfer of Securities ownership takes place;
 - b. Repo Transaction shall have the shortest term of 1 (one) day and the longest term of 12 (twelve) months, declared in the number of days calculated 1 (one) day after the settlement date until the due date;
 - c. Repo interest shall be calculated by applying simple interest method; and
 - d. coupon receipt right to Securities under repo for a Repo Transaction period shall remain to belong to OMO Participant.
3. Repo Transaction Method
 - a. Repo Transaction is made by the mechanism of tender through:
 - 1) BI-ETP System for Repo Transaction with Securities in Rupiah;
 - 2) means of dealing system determined by Bank Indonesia for Repo Transaction with Securities in foreign currencies.
 - b. Mechanism of Repo Transaction tender is conducted by applying the following methods:
 - 1) fixed rate tender at a repo rate determined by Bank Indonesia; or
 - 2) variable rate tender at a repo rate submitted by OMO Participant.
4. Announcement and Implementation of Repo Transaction Tender

- a. Repo Transaction tender shall be conducted on business days determined by Bank Indonesia.
- b. Window time of Repo Transaction tender may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.
- c. Bank Indonesia shall announce Repo Transaction tender plan and its change no later than the window time through BI-ETP System, LHBU System, and/or any other means.
- d. Repo Transaction tender plan announcement contains among others:
 - 1) means of transaction;
 - 2) tender date;
 - 3) window time;
 - 4) term;
 - 5) tender method;
 - 6) indicative target (if tender is conducted in variable rate tender method);
 - 7) repo rate if tender is conducted in fixed rate tender method;
 - 8) Securities to which repo may apply;
 - 9) haircut; and/or
 - 10) date and time of settlement.
- e. If a Repo Transaction uses Securities in foreign currency, then in addition to announcing items set forth in letter d, the announcement shall also contain price reference for Securities in foreign currency and transaction rate reference.

5. Submission of Bid for Repo Transaction Tender

- a. OMO Participant may submit Repo Transaction bid for tender directly and/or through an Intermediary Agency.
- b. Intermediary Agency shall then submit Repo Transaction bid for tender for the interest of the OMO Participant.
- c. Directly and/or through an Intermediary Agency, OMO Participant shall submit Repo Transaction bid for tender to Bank Indonesia through BI-ETP System or any means of dealing system on the determined window time.
- d. Submission of bid for Repo Transaction tender with Securities in Rupiah
 - 1) Any submitted bids shall contain the following information:
 - a) nominal value, type, and series of Securities to which repo apply, for tender adopting fixed rate tender; or
 - b) nominal value, type, and series of Securities to which repo apply, and repo rate for tender adopting variable rate tender, for each term of Repo Transaction to be made.
 - 2) An OMO Participant shall make a bid at the minimum nominal value of Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
 - 3) If variable rate tender is adopted, the submitted repo rate shall be applied in multiples of 0.01% (one per ten thousand).
- e. Bid for Repo Transaction tender made with Securities in foreign currencies
 - 1) The rate used in Repo Transaction with Securities in foreign currencies shall be the middle rate of Bank Indonesia's transaction rate on a transaction date.
 - 2) Any bids made shall contain the following information:

- a) if fixed rate tender is adopted, the information contained shall be among others:
 - (1) name of OMO Participant;
 - (2) transaction date;
 - (3) Repo term;
 - (4) Standard Settlement Instruction;
 - (5) type and series of Securities to which repo apply, and
 - (6) bid for nominal value; or
- b) if variable rate tender is adopted, the information contained shall be among others:
 - (1) name of OMO Participant;
 - (2) transaction date;
 - (3) repo term;
 - (4) Standard Settlement Instruction;
 - (5) type and series of Securities to which repo apply;
 - (6) bid for nominal value; and
 - (7) repo rate.
- 3) An OMO Participant shall make a bid at the minimum nominal value of Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
- 4) If variable rate tender is adopted, the submitted repo rate shall be applied in multiples of 0.01% (one per ten thousand).
- 5) Bid for tender may be made 2 (two) times at the maximum for each submitted term.

- 6) In the event of bid correction, OMO Participants and Intermediary Agencies may only be made 1 (one) correction for each bid made on the window time of Repo Transaction tender.
- 7) The correction set forth in point 6) may be made to bid information other than OMO Participant's name and Repo Transaction term.
- 8) Bid correction must fulfill the requirements for any bids made.
- 9) OMO Participants must deliver documents to Bank Indonesia as follows:
 - a) statement letter declaring that:
 - (1) Securities in foreign currency to which repo apply shall be the OMO Participant's asset; and
 - (2) OMO Participant no longer owns SBI, SDBI, and SBN;
 - b) data on Securities, which at least include last coupon date, next coupon date, coupon rate, and coupon nominal value;
 - c) the statement letter set forth in letter a) shall be enclosed with a statement of holding the ownership of Securities in foreign currencies in a custodian agency appointed by Bank Indonesia and Computer Processing Result (CPR) on the position of ownership of Securities in Rupiah of an OMO Participant on the closing position 1 (one) business day prior to the transaction date.

Example of statement letter and data on Securities is contained in Appendix III.

- 10) The documents set forth in point 9) shall be submitted to Bank Indonesia prior to the closing of transaction's window time, which may be preceded with the delivery by facsimile.

The documents shall be delivered to:

Bank Indonesia - Monetary Management Department c.q. Monetary Operation Group

Menara Sjafruddin Prawiranegara

Jl. M.H. Thamrin No. 2, Jakarta Pusat 10350

Facsimile No.: 2310347

Phone No.: 29818350

- 11) If, based on the examination of Bank Indonesia, the statement letter set forth in point 9) is proven incorrect, the submitted bid shall be declared void.
- 12) Bid for Repo Transaction tender with Securities in foreign currencies shall be declared void if an OMO Participant:
- a) makes a bid inconsistent with the provisions set forth from point 1) until point 5);
 - b) fails to make correction following the provisions set forth from point 6) until point 8); and/or
 - c) fails to submit documents following the provisions set forth in point 9).

- f. OMO Participants and Intermediary Agencies shall be responsible for the accuracy of data of Repo Transaction bid for tender submitted to Bank Indonesia.

- g. OMO Participants and Intermediary Agencies shall be prohibited from cancelling any bids submitted to Bank Indonesia.
- 6. Determination of Repo Transaction Tender Winner
 - a. Repo Transaction with Securities in Rupiah
 - 1) If a Repo Transaction tender is conducted by applying the method of fixed rate tender, determination of won Repo Transaction shall be calculated in the following manners:
 - a) The bid for nominal value made by an OMO Participant is won entirely.
 - b) If necessary, the bid for nominal value made by an OMO Participant may be won partly with proportional calculation in accordance with Bank Indonesia's calculation with the smallest nominal rounding value of Rp1,000,000.00 (one million rupiah).
 - 2) If a Repo Transaction tender is conducted by applying the method of variable rate tender, determination of won Repo Transaction shall be calculated in the following manners:
 - a) Bank Indonesia shall specify the lowest received repo rate or Stop Out Rate (SOR); and
 - b) Bank Indonesia shall specify the nominal value of the won Repo Transaction in the following manners:
 - (1) if repo rate submitted by an OMO Participant is higher than the specified SOR, the OMO Participant shall win the entire won Repo Transaction bid; and
 - (2) if repo rate submitted by an OMO Participant is equal to the specified SOR, the OMO Participant shall win the

entire or part of the Repo Transaction bid with proportional calculation in accordance with Bank Indonesia's calculation with the smallest nominal rounding value of Rp1,000,000.00 (one million rupiah).

b. Repo Transaction with Securities in foreign currencies:

- 1) If a Repo Transaction tender is conducted by applying the method of fixed rate tender, determination of won Repo Transaction shall be calculated in the following manners:
 - a) The bid for nominal value made by an OMO Participant is won entirely.
 - b) If necessary, the bid for nominal value made by an OMO Participant may be won partly with proportional calculation with rounding up to the nearest million Rupiah.
- 2) If a Repo Transaction tender is conducted by applying the method of variable rate tender, determination of won Repo Transaction shall be calculated in the following manners:
 - a) Bank Indonesia shall specify the lowest received repo rate or Stop Out Rate (SOR); and
 - b) Bank Indonesia shall specify the won nominal value in the following manners:
 - (1) if the repo rate submitted by an OMO Participant is higher than the specified SOR, the OMO Participant shall win the entire Repo Transaction bid; and
 - (2) if the repo rate submitted by an OMO Participant is equal to the specified SOR, the OMO Participant shall win the

entire or part of the Repo Transaction bid with proportional calculation with rounding up to the nearest million Rupiah.

Example of determination and calculation of the nominal value of a Repo Transaction winner, which use Securities in foreign currencies by applying fixed rate tender and variable rate tender, is contained in Appendix III.

- c. Bank Indonesia may determine that there is no Repo Transaction tender winner.

7. Announcement of Repo Transaction Tender Result

- a. Announcement of Tender Result of Repo Transaction with Securities in Rupiah

Bank Indonesia shall announce the Repo Transaction tender result after the window time closes in the following manners:

- 1) individually to tender winner through BI-ETP System, among others in the form of the won nominal value and repo rate; and
- 2) overall through BI-ETP System, LHBUS System, and/or other other means, among others in the form of the won nominal value, SOR, and/or weighted average of repo rate.

- b. Announcement of Tender Result of Repo Transaction with Securities in Foreign Currencies

- 1) Announce overall tender winner result through LHBUS system and/or any other means determined by Bank Indonesia, among others in the form of the nominal value of all won bids, SOR, and/or weighted average of repo rate.

- 2) Confirm individually to tender winner through the means of dealing system determined by Bank Indonesia, among others in the form of:
 - a) the won nominal value, nominal value of securities in foreign currencies to be transferred to Bank Indonesia's account in a custodian agency appointed by Bank Indonesia, and the won repo rate;
 - b) settlement date or foreign exchange date; and
 - c) request for Standard Settlement Instruction of an OMO Participant.
- 3) If a bid for tender is made through an Intermediary Agency, the confirmation set forth in point 2) shall be made as follows:
 - a) if an OMO Participant winning a tender does not have the means of dealing system specified by Bank Indonesia, the confirmation shall be made through an Intermediary Agency; or
 - b) if an OMO Participant winning a tender has the means of dealing system specified by Bank Indonesia, the confirmation shall be made to the relevant OMO Participant.

8. Repo Transaction Settlement

a. Securities in Rupiah

1) First Leg Settlement

- a) Bank Indonesia shall make first leg settlement within 1 (one) business day at the maximum after announcement of Repo Transaction tender result.
- b) OMO Participants shall have Securities in their Securities Account adequate for first leg settlement.

- c) First leg settlement shall be made through BI-RTGS System and BI-SSSS by applying the settlement mechanism of transaction by transaction (gross to gross) and DVP as follows:
 - (1) settlement of Securities by debiting Securities Account an amount equal to the nominal value of the Securities to which repo apply; and
 - (2) fund settlement by crediting Rupiah Current Account an amount equal to the first leg settlement value.
 - d) Calculation of first leg settlement value shall be as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
 - e) If an OMO Participant does not have the type and series of Securities in their Securities Account adequate to fulfill the settlement obligation until the specified time, which results in first leg settlement failure, BI-SSSS will automatically cancel the Repo Transaction of the relevant OMO Participant.
 - f) On cancellation of the Repo Transaction set forth in letter e), the relevant OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.
- 2) Second Leg Settlement
- a) On the due date of the (second leg) Repo Transaction, BI-SSSS will automatically make the second leg settlement since BI-

RTGS System opens until prior to the cut-off warning period of BI-RTGS System.

- b) An OMO Participant shall have fund in their Rupiah Current Account adequate for second leg settlement.
- c) Second leg settlement shall be made through BI-RTGS and BI-SSSS by applying the settlement mechanism of transaction by transaction (gross to gross) and DVP as follows:
 - (1) fund settlement by debiting Rupiah Current Account an amount equal to the second leg settlement value;
 - (2) Securities settlement by crediting Securities Account an amount equal to the nominal value of the due Repo Transaction Securities;
 - (3) calculation of second leg settlement value shall be as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
- d) If after a Repo Transaction is made, the due date of the (second leg) Repo Transaction is determined as a holiday by the government, settlement will be made on the following business day without calculating additional repo rate on such holiday.
- e) If fund in Rupiah Current Account is not adequate to fulfill the second leg settlement obligation until prior to the cut-off warning period of BI-RTGS System, which results in second leg settlement failure, BI-SSSS will automatically cancel the due (second leg) Repo Transaction.

3) Second Leg Settlement Failure

If an OMO Participant fails to make second leg settlement of Repo Transaction, Bank Indonesia shall conduct the following:

- a) If Securities are in the form of SBI and SDBI, Bank Indonesia shall make an early redemption of SBI and SDBI and charge Repo Transaction cost.
- b) If Securities are in the form of SBN, the relevant transaction shall be treated as an outright sale transaction by an OMO Participant, and Bank Indonesia shall charge Repo Transaction cost.
- c) Calculation of Outright Transaction settlement and use of Securities price in an Outright Transaction shall be as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
- d) If an Outright Transaction is made:
 - (1) Rupiah Current Account shall be debited or credited by applying the following SBN price calculation:
 - (a) if the Outright Transaction price is lower than the price of the first leg transaction after deducted by haircut, the Rupiah Current Account shall be debited an amount equal to the difference after multiplied by the nominal value of SBN to which repo apply;

- (b) if the Outright Transaction price is higher than the price of the first leg transaction after deducted by haircut, the Rupiah Current Account shall be credited an amount equal to the difference after multiplied by the nominal value of SBN to which repo apply and a maximum amount equal to haircut value determined in the first leg.
 - (2) Rupiah Current Account shall be credited an amount equal to the accrued interest or return of the first leg settlement and second leg settlement.
 - (3) Rupiah Current Account shall be debited an amount equal to the repo rate.
- e) On the cancelation of the due (second leg) Repo Transaction set forth in point 2)e), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

b. Securities in Foreign Currencies

1) First Leg Settlement

- a) The rate used to calculate first leg settlement value shall be the middle rate of Bank Indonesia's transaction rate on a transaction date.
- b) Bank Indonesia shall make first leg settlement shall be 1 (one) business day at the maximum after announcement of Repo Transaction tender result.

- c) Securities settlement shall be made by an OMO Participant by transferring the Securities with the Securities type and series in the amount equal to the nominal value to which repo apply from the OMO Participant's account to the securities account of Bank Indonesia in a custodian agency appointed by Bank Indonesia on the settlement date or foreign exchange date.
- d) Calculation of the nominal value of Securities to be transferred shall be as specified in Bank Indonesia Regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
- e) Fund settlement shall be made by Bank Indonesia by crediting Bank's Rupiah Current Account an amount equal to the won bid nominal value.
- f) Bank Indonesia shall make the fund settlement set forth in letter e) upon receipt of confirmation of the custodian bank that Securities in foreign currencies to which repo is applied by OMO Participant have been received.
- g) If an OMO Participant fails to meet the Repo Transaction obligation set forth in letter c), Bank Indonesia shall cancel the Repo Transaction unsupported by adequate Securities.
- h) On cancelation of the Repo Transaction set forth in letter g), the relevant OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

2) Second Leg Settlement

- a) On the due date of (second leg) Repo Transaction, an OMO Participant shall provide adequate fund in their Rupiah Current Account for second leg settlement.
- b) Second leg settlements shall be made as follows:
 - (1) Fund settlements shall be made by Bank Indonesia by debiting Rupiah Current Account in an amount equal to the second leg settlement value;
 - (2) Bank Indonesia shall make Securities settlements by transferring Securities in foreign currencies from Bank Indonesia's account to OMO Participant's account with a custodian bank appointed by Bank Indonesia after the fund settlement set forth in point (1);
 - (3) Calculation of the second leg settlement value is equal to the second leg settlement value as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
 - (4) If Bank Indonesia receives payment of coupon or return in a Repo Transaction period, equivalent in Rupiah of the coupon value reduces OMO Participants obligations in the due (second leg) Repo Transaction with the following calculation:

second leg settlement value	=	first leg settlement value	+	repo interest	-	coupon/return value received by Bank Indonesia
-----------------------------------	---	----------------------------------	---	------------------	---	--

- (5) Calculation of coupon or return value set forth in point (4) uses buy rate of transaction rate of Bank Indonesia on the value date of the coupon receipt.
- (6) If Bank Indonesia receives coupon payment, calculation of repo rate as from the coupon payment date shall be based on the first leg settlement value deducted by the equivalent coupon receipt in Rupiah.
- c) If, after a Repo Transaction, the due date of the (second leg) Repo Transaction is determined as a holiday by the government, settlement will be made on the following business day without calculating additional repo rate on such holiday.
- d) If fund in Rupiah Current Account is not adequate to meet the second leg settlement obligation until the cut-off warning period of BI-RTGS System, which results in the second leg settlement failure, Bank Indonesia shall automatically cancel the due (second leg) Repo Transaction.

3) Second Leg Settlement Failure

If an OMO Participant fails to make a second leg settlement, Bank Indonesia will conduct the following:

- a) Bank Indonesia shall sell Securities in foreign currencies to Bank Indonesia's counterparty after the second leg settlement failure.
- b) The rate used when Bank Indonesia sells the Securities set forth in letter a) is the sell rate of Bank Indonesia's transaction rate.

- c) So long as Securities in foreign currencies are not sold, Bank Indonesia shall charge a repo fee to an OMO Participant until the settlement date or value date of the Securities sale.
- d) If the selling value of Securities in foreign currencies is lower than the first leg settlement value, Bank Indonesia shall charge the deficiency of the fund resulting from selling of Securities in foreign currencies by debiting the Rupiah Current Account in an amount equal to the difference.
- e) If the selling value of Securities in foreign currencies is higher than the first leg settlement value, Bank Indonesia shall charge the excess of the fund resulting from selling of Securities in foreign currencies by crediting the Rupiah Current Account in an amount equal to the difference.
- f) Rupiah Current Account of an OMO Participant shall be debited in an amount equal to repo rate.
- g) On cancellation of the due (second leg) Repo Transaction set forth in point 2)d), the OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

9. Securities Coupon

- a. Treatment of coupon/return in the event of second leg settlement failure and Securities in the form of SBN is specified as follows:
 - 1) If, after an outright transaction date, Bank Indonesia receives coupon/return payment of SBN to which repo applies by an OMO

Participant, the coupon/return received shall belong to Bank Indonesia.

- 2) If, on an outright transaction date, an OMO Participant receives coupon/return payment of SBN to which repo applies by an OMO Participant, Bank Indonesia shall debit Bank's Rupiah Current Account in an amount equal to the coupon/return received by the OMO Participant.
 - 3) If, after an outright transaction date, an OMO Participant receives coupon/return payment of SBN to which repo applies by an OMO Participant, on the coupon/return payment date, Bank Indonesia shall debit the OMO Participant's Rupiah Current Account in an amount equal to the coupon/return received by the OMO Participant.
- b. The rate used in calculation of coupon value in Repo Transaction with Securities in foreign currencies shall be the buying rate of Bank Indonesia's transaction rate on coupon receipt date.

V. REVERSE REPO TRANSACTION OF SOVEREIGN SECURITIES

1. Repo Reverse transaction is an instrument used by Bank Indonesia for Rupiah liquidity absorption in the money market.
2. Reverse Repo transaction has the following characteristics:
 - a. Reverse Repo transaction is made under sell and buy back principle, namely there is a transfer of SBN ownership.
 - b. Reverse Repo transaction has the shortest term of 1 (one) day and the longest term of 12 (twelve) months, declared in the number of days calculated 1 (one) day after the settlement date until the due date.

- c. Reverse repo interest shall be calculated by applying simple interest method;
and
- d. coupon receipt right of Securities to which reverse repo apply during Reverse Repo transaction period shall belong to Bank Indonesia.

3. Reverse Repo Transaction Method

- a. Reverse Repo Transaction is made by the mechanism of tender through BI-ETP System.
- b. Mechanism of Reverse Repo Transaction tender is conducted by applying the following methods:
 - 1) fixed rate tender at a reverse repo rate determined by Bank Indonesia;
or
 - 2) variable rate tender at a reverse repo rate (RR-Rate) submitted by OMO Participant.

4. Announcement and Implementation of Reverse Repo Transaction Tender

- a. Reverse Repo Transaction tender shall be conducted on business days determined by Bank Indonesia.
- b. Window time of Reverse Repo Transaction tender may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.
- c. Bank Indonesia shall announce Reverse Repo Transaction tender plan and its change no later than the window time through BI-ETP System, LHBU System, and/or any other means.
- d. Reverse Repo Transaction tender plan announcement contains among others:
 - 1) means of transaction;

- 2) tender date;
- 3) window time;
- 4) term;
- 5) tender method;
- 6) indicative target (if tender is conducted in variable rate tender method);
- 7) reverse repo rate (RR-Rate) if tender is conducted in fixed rate tender method;
- 8) Securities to which reverse repo apply;
- 9) haircut; and/or
- 10) date and time of settlement.

5. Submission of Bid for Reverse Repo Transaction Tender

- a. An OMO Participant may submit Reverse Repo Transaction bid for tender directly and/or through an Intermediary Agency.
- b. Intermediary Agency shall then submit Reverse Repo Transaction bid for tender for the interest of the OMO Participant.
- c. Directly and/or through an Intermediary Agency, the OMO Participant shall submit Reverse Repo Transaction bid for tender to Bank Indonesia through BI-ETP System on the determined window time.
- d. Reverse Repo Transaction bid for tender shall contain the following information:
 - 1) nominal value for tender adopting fixed rate tender method; or
 - 2) nominal value and RR-Rate for tender adopting variable rate tender method,for each term of Reverse Repo Transaction to be made.

- e. OMO Participant shall make a bid at the minimum nominal value of Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
 - f. If variable rate tender is adopted, the submitted RR-Rate shall be applied in multiples of 0.01% (one per ten thousand).
 - g. OMO Participants and Intermediary Agencies shall be responsible for the accuracy of Reverse Repo Transaction bid for tender data submitted to Bank Indonesia.
 - h. OMO Participants and Intermediary Agencies shall be prohibited from cancelling bid for tenders submitted to Bank Indonesia.
6. Determination of Reverse Repo Transaction Tender Winner
- a. If Reverse Repo Transaction tender is conducted in fixed rate tender method, any won Reverse Repo Transaction determination shall be calculated in the following manners:
 - 1) Bid for nominal value submitted by OMO Participant is won entirely.
 - 2) If necessary, any bid for nominal value submitted by OMO Participant may be won partly based on proportional calculation in accordance with Bank Indonesia calculation with the smallest nominal rounding of Rp1,000,000.00 (one million rupiah).
 - b. If Reverse Repo Transaction tender is conducted in a variable rate tender method, any won Reverse Repo Transaction determination shall be calculated in the following manners:
 - 1) Bank Indonesia determines the highest acceptable RR-Rate or Stop Out Rate (SOR); and

2) Bank Indonesia determines the nominal value of Reverse Repo Transaction won in the following manners:

- a) if the RR-Rate submitted by an OMO Participant is lower than the determined SOR, the OMO Participant will win the submitted SBI entirely; and
- b) if the RR-Rate submitted by an OMO Participant is equal to the determined SOR, the OMO Participant will win the entire or part of submitted Reverse Repo Transaction bid in the amount proportionally calculated in accordance with Bank Indonesia calculation, with the smallest nominal rounding of Rp1,000,000.00 (one million rupiah).
- c) If Bank Indonesia bids more than 1 (one) series of Securities in Reverse Repo Transaction tender, Bank Indonesia shall determine the allocation of series and nominal of Securities won by OMO Participants.
- d) Bank Indonesia may determine that there is no Reverse Repo Transaction tender winner.

7. Announcement of Reverse Repo Transaction Tender Result

Bank Indonesia shall determine Reverse Repo Transaction tender result after window time is closed in the following manners:

- a. individually to tender winners through BI-ETP System, among others in the form of nominal value, RR-Rate, and the type and series of the won Securities; and

- b. entirely through BI-ETP System, LHBU System, and/or any other means, among others in the form of the nominal value of the entire won bid, SOR, and/or weighted average of RR-Rate.

8. Reverse Repo Transaction Settlement

a. First Leg Settlement

- 1) Bank Indonesia conducts first leg settlements no later than 1 (one) business day after the announcement of Reverse Repo Transaction tender result.
- 2) OMO Participants must have fund in their Rupiah Current Account adequate for first leg settlements.
- 3) First leg settlement shall be made through BI-RTGS System and BI-SSSS by applying the settlement mechanism of transaction by transaction (gross to gross) and DVP as follows:
 - a) fund settlement by debiting Rupiah Current Account an amount equal to the first leg settlement value; and
 - b) settlement of Securities by crediting Securities Account an amount equal to the nominal value of the won Securities.
- 4) Calculation of first leg settlement value shall be as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
- 5) If the fund in Rupiah Current Account is not adequate to fulfill the settlement obligation until prior to the cut-off warning period of BI-RTGS System, which results in first leg settlement failure, BI-SSSS

will automatically cancel the Reverse Repo Transaction of the relevant OMO Participant.

- 6) On cancelation of the Reverse Repo Transaction set forth in point 5), the relevant OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

b. Second Leg Settlement

- 1) On the due date of the (second leg) Reverse Repo Transaction, BI-SSSS will automatically make the second leg settlement since BI-RTGS System opens until prior to the cut-off warning period of BI-RTGS System.
- 2) An OMO Participant shall have the type and series of Securities in the Securities Account adequate for second leg settlement.
- 3) Second leg settlement shall be made through BI-RTGS and BI-SSSS by applying the settlement mechanism of transaction by transaction (gross to gross) and DVP as follows:
 - a) Securities settlement by debiting Securities Account an amount equal to the nominal value of the due (second leg) Reverse Repo Transaction Securities;
 - b) fund settlement by crediting Rupiah Current Account an amount equal to the second leg settlement value;
 - c) calculation of second leg settlement value shall be as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.

- 4) If, after a Repo Transaction is made, the due date of the (second leg) Reverse Repo Transaction is determined as a holiday by the government, settlement will be made on the following business day without calculating additional reverse repo rate on such holiday.
- 5) If the type and series of Securities in Securities Account is not adequate to fulfill the second leg settlement obligation until prior to the cut-off warning period of BI-RTGS System, which results in second leg settlement failure, BI-SSSS will automatically cancel the due (second leg) Reverse Repo Transaction.

c. Second Leg Settlement Failure

- 1) If an OMO Participant fails to make the second leg settlement, Reverse Repo transaction shall be treated as an outright buy transaction by the OMO Participant.
- 2) Calculation of Outright Transaction settlement and use of Securities price in an Outright Transaction shall be as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.
- 3) If an Outright Transaction is made:
 - a) Rupiah Current Account shall be debited or credited by applying the following SBN price calculation:
 - (1) if the Outright Transaction price is equal to or higher than the price of the first leg transaction after deducted by haircut, the Rupiah Current Account shall be debited an amount equal to the difference after multiplied by the

- nominal value of SBN to which reverse repo apply and at least equal to the haircut value determined in the first leg;
- (2) if the price in the Outright Transaction is lower than the price in the first leg deducted by haircut, Rupiah Current Account will be debited an amount equal to the haircut on the first leg transaction's date.
- b) Rupiah Current Account shall be debited an amount equal to the accrued interest or return from the first leg transaction date until the second leg.
- 4) On the second leg settlement failure, an OMO Participant shall not receive reverse repo interest.
- 5) On the cancelation of the due (second leg) Reverse Repo Transaction set forth in point b.5), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

9. Securities Coupon

Treatment of coupon/return in the event of second leg settlement failure and Securities in the form of SBN is specified as follows:

- a. If, after an outright transaction date, an OMO Participant receives coupon/return payment of SBN to which reverse repo applies by Bank Indonesia, the coupon/return received shall belong to the OMO Participant.
- b. If, on an outright transaction date, Bank Indonesia receives coupon/return payment of SBN to which reverse repo applies by Bank Indonesia, Bank Indonesia shall credit the OMO Participant's Rupiah Current Account in an amount equal to the coupon/return received by Bank Indonesia.

- c. If, after an outright transaction date, Bank Indonesia receives coupon/return payment of SBN to which reverse repo applies by Bank Indonesia, on the coupon/return payment date, Bank Indonesia shall credit the OMO Participant's Rupiah Current Account in an amount equal to the coupon/return received by Bank Indonesia.

VI. SBN BUYING AND SELLING TRANSACTIONS IN AN OUTRIGHT MANNER FROM BANK INDONESIA IN THE SECONDARY MARKET

1. SBN buying and selling transactions in an outright manner from Bank Indonesia in the secondary market shall be made for liquidity injection and/or liquidity absorption in order to maintain SBN availability required as a Monetary Operation instrument to achieve the operational target of monetary policies adopted by Bank Indonesia.
2. Bank Indonesia shall make SBN buying and selling transactions in an outright manner by tender or non-tender mechanism.
3. Bank Indonesia shall make SBN buying and selling transactions in an outright manner from Bank Indonesia in the secondary market on business days determined by Bank Indonesia.
4. SBN buying and selling Transactions in an Outright Manner by Tender Mechanism
 - a. Transaction Method
 - 1) Bank Indonesia shall make SBN buying and selling transaction tender in an outright manner through BI-ETP System or any other means.
 - 2) Tender mechanism is made by adopting the following methods:

- a) fixed rate tender with yield or SBN buying and selling transaction price determined by Bank Indonesia; or
- b) variable rate tender with yield or SBN buying and selling transaction price submitted by an OMO Participant.

b. Announcement and Implementation of Tender

- 1) Window time of SBN buying and selling transactions may be conducted between 08.00 until 16.00 or any other time determined by Bank Indonesia.
- 2) Bank Indonesia shall announce SBN buying and selling transaction tender plan and its change no later than the window time through BI-ETP System, LHBUS System, and/or any other means.
- 3) SBN buying and selling transaction tender plan announcement contains among others:
 - a) means of transaction;
 - b) tender date;
 - c) window time;
 - d) type and series of SBN to be transacted;
 - e) indicative target, if tender is conducted in variable rate tender method;
 - f) yield or SBN price, if tender is conducted in fixed rate tender method; and/or
 - g) settlement date and time.

c. Bid Submission

- 1) An OMO Participant may submit SBN buying and selling transaction bid for tender directly and/or through an Intermediary Agency.

- 2) Intermediary Agency shall then submit SBN buying and selling transaction bid for tender in the interest of the OMO Participant.
- 3) Directly and/or through an Intermediary Agency, OMO Participant shall submit SBN buying and selling transaction bid for tender to Bank Indonesia through BI-ETP System on the determined window time.
- 4) Any submitted SBN buying and selling transaction bid for tenders shall include the following information:
 - a) nominal value for tender in fixed rate tender method;
 - b) nominal value and yield or SBN price for tender in variable rate tender method.
- 5) An OMO Participant shall submit their bid at a nominal value of at least Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
- 6) If SBN buying and selling transaction tender is conducted in variable rate tender method, bid for the yield shall be submitted in multiples of 0.01% (one per one thousand).
- 7) OMO Participants and Intermediary Agencies shall be responsible for the accuracy of SBN buying and selling bid for tender data submitted to Bank Indonesia.
- 8) OMO Participants and Intermediary Agencies shall be prohibited from cancelling bid for tenders submitted to Bank Indonesia.

d. Determination of Tender Winner

- 1) If SBN buying and selling tender is conducted in fixed rate tender method, any won SBN buying and selling determination shall be calculated in the following manners:
 - a) Bid for nominal value submitted by OMO Participant is won entirely.
 - b) If necessary, any bid for nominal value submitted by OMO Participant may be won partly based on proportional calculation in accordance with Bank Indonesia calculation with the smallest SBI nominal rounding of Rp1,000,000.00 (one million rupiah).
- 2) If SBN buying and selling tender is conducted in variable rate tender method, Bank Indonesia shall determine the acceptable yield rate or Stop Out Rate (SOR), or acceptable price, and won SBN buying and selling transaction, which is calculated in the following manners:
 - a) SBN Buy Tender
 - (1) if the yield submitted by an OMO Participant is higher than SOR or the price submitted by an OMO Participant is lower than the acceptable price, the OMO Participant shall win all submitted bids; or
 - (2) if the yield submitted by an OMO Participant is equal to the determined SOR or the price submitted by the OMO Participant is equal to the acceptable price, the OMO Participant will win the entire or part of the submitted bid in the amount proportionally calculated in accordance with Bank Indonesia calculation, with the smallest SBN nominal rounding of Rp1,000,000.00 (one million rupiah).

b) SBN sell tender

(1) if the yield submitted by an OMO Participant is lower than the determined SOR or the price submitted by the OMO Participant is higher than the acceptable price, the OMO Participant will win the submitted SBN entirely; and

(2) if the yield submitted by an OMO Participant is equal to SOR or the price submitted by the OMO Participant is equal to the acceptable price, the OMO Participant will win the entire or part of submitted bid in the amount proportionally calculated in accordance with Bank Indonesia calculation, with the smallest SBN nominal rounding of Rp1,000,000.00 (one million rupiah).

3) Bank Indonesia may determine that there is no SBN buying and selling tender winner.

e. Announcement of SBN buying and selling Tender Result

Bank Indonesia shall determine SBN buying and selling tender result after window time is closed in the following manners:

- 1) individually to tender winners through BI-ETP System, among others in the form of nominal value and the won yield or price; and
- 2) entirely through BI-ETP System, LHBU System, and/or other means, among others in the form of all won bids, SOR, and/or the yield's weighted average.

5. SBN buying and selling Transactions in an Outright Manner by Non-Tender Mechanism

- a. SBN buying and selling transactions may be made bilaterally between Bank Indonesia and an OMO Participant directly and/or through an Intermediary Agency.
 - b. Transactions shall be made through BI-ETP System or dealing system facilities determined by Bank Indonesia.
6. Settlements of SBN buying and selling Transactions by Tender and Non-Tender
- a. An OMO Participant must have Rupiah Current Account adequate for settlements of SBN buying from Bank Indonesia.
 - b. Bank must have the type and series of SBN in Securities Account adequate for settlements of SBN selling from Bank Indonesia.
 - c. Settlements of SBN buying and selling shall be conducted through BI-RTGS System and BI-SSSS by settlement mechanism of transaction by transaction (gross to gross) and DVP.
 - d. Bank Indonesia shall settle SBN buying and selling within 2 (two) business days at the maximum.

Value calculation and SBN selling and buying settlements shall be as specified in Appendix IV.
 - e. If an OMO Participant does not have the SBN type and series in their Securities Account or adequate fund in Rupiah Current Account to meet mandatory SBN selling and buying settlements until the cut-off warning period of BI-RTGS System, which results in settlement failure, BI-SSSS shall automatically cancel the SBN buying and selling transaction.
 - f. On cancellation of SBN buying and selling transaction set forth in letter e, an OMO Participant shall be imposed with the sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

VII. TRANSACTIONS OF FOREIGN CURRENCY AGAINST SBN

1. Transactions of Foreign Currency against SBN shall be made to support liquidity management to achieve the operational targets of monetary policies in the following manners:
 - a. SBN buying in an outright manner by Bank Indonesia; and
 - b. selling of foreign currency against Rupiah by Bank Indonesia made at the same time.
2. Participants of Transactions of Foreign Currency against SBN shall be OMO Participants, which are Foreign Exchange Banks.
3. Transactions of Foreign Currency against SBN may be made on business days determined by Bank Indonesia.
4. The type of foreign currency in this transaction shall be United States Dollar.
5. Method of Transactions of Foreign Currency against SBN shall be applied under the following provisions:
 - a. Bank Indonesia shall make Transactions of Foreign Currency against SBN by tender method.
 - b. Transactions of Foreign Currency against SBN shall be made through a means of dealing system determined by Bank Indonesia.
 - c. Tender mechanism shall be tender of rate of United States Dollar against Rupiah (USD/IDR).
 - d. Bank Indonesia shall determine SBN price (fixing price) used as the basis for SBN calculation to be submitted by OMO Participant.
6. Announcement and Implementation of Transactions of Foreign Currency against SBN

- a. Window time of Transactions of Foreign Currency against SBN may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.
- b. Bank Indonesia shall announce Transactions of Foreign Currency against SBN tender plan and its change no later than the window time through LHBUS System and/or any other means.
- c. Transactions of Foreign Currency against SBN tender plan announcement contains among others:
 - 1) means of transactions;
 - 2) tender date;
 - 3) window time;
 - 4) indicative target, including the target of foreign currency to be sold by Bank Indonesia and that of SBN nominal to be bought by Bank Indonesia;
 - 5) type and series of SBN to be transacted;
 - 6) SBN price; and/or
 - 7) settlement date and time.

7. Submission of Bids for Transactions of Foreign Currency against SBN

- a. An OMO Participant may submit Transactions of Foreign Currency against SBN bid for tender directly and/or through an Intermediary Agency.
- b. Intermediary Agency shall submit Transactions of Foreign Currency against SBN bids in the interest of the OMO Participant.
- c. Directly and/or through an Intermediary Agency, OMO Participant shall submit Transactions of Foreign Currency against SBN bid for tender to

Bank Indonesia through any means of dealing system on the determined window time by Bank Indonesia.

- d. The submitted Transactions of Foreign Currency against SBN bid for tender contains among others information:
 - 1) participant's name;
 - 2) transaction date;
 - 3) USD/IDR rate;
 - 4) type, series, and nominal of SBN; and
 - 5) Standard Settlement Instruction.
- e. The submitted Transactions of Foreign Currency against SBN bid for tender set forth in letter d shall be made under the following provisions:
 - 1) bid may be submitted more than 1 (one) time;
 - 2) only 1 (one) rate may be submitted in every bid;
 - 3) for every bid, an OMO Participant may submit 1 (one) or several types and series of SBN.
- f. An OMO Participant shall submit any bid at a nominal value of at least Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
- g. In the event of correction, an OMO Participant and Intermediary Agency may only submit 1 (one) correction for every bid submitted within the window time of Transactions of Foreign Currency against SBN.
- h. The correction set forth in letter g may be made to bid information other than the OMO Participant's name.

- i. An OMO Participant and Intermediary Agency shall be responsible for the accuracy of Transactions of Foreign Currency against SBN tender submitted to Bank Indonesia.
 - j. An OMO Participant and Intermediary Agency shall be prohibited from cancelling bid for tenders submitted to Bank Indonesia.
 - k. Bid for tender in Transactions of Foreign Currency against SBN shall be declared canceled if an OMO Participant and Intermediary Agency:
 - 1) submit bids other than the type and series of SBN accepted by Bank Indonesia;
 - 2) fail to meet the provisions of letter e or letter f; and/or
 - 3) fail to make corrections to bids submitted within the window time of Transactions of Foreign Currency against SBN.
8. Determination of Tender Winner
- a. Bank Indonesia shall determine the limit of USD/IDR rate bid accepted by Bank Indonesia.
 - b. Bank Indonesia shall determine won bids in the following manners:
 - 1) if the rate submitted by an OMO Participant is higher than the limit of USD/IDR rate bid accepted by Bank Indonesia, the OMO Participant shall win the entire submitted Transaction of Foreign Currency against SBN bid; or
 - 2) if the rate submitted by an OMO Participant is equal to the limit of USD/IDR rate bid accepted by Bank Indonesia, the OMO Participant may win entirely or partly of Transaction of Foreign Currency against SBN bid with proportional calculation with the smallest SBN nominal rounding of Rp1,000,000.00 (one million rupiah).

Example of determination and calculation of nominal value of Transaction of Foreign Currency against SBN winner shall be specified in Appendix V.

- c. Bank Indonesia may determine there is no winner of Transaction of Foreign Currency against SBN tender.

9. Announcement of Transaction of Foreign Currency against SBN Tender Result

Bank Indonesia shall announce Transaction of Foreign Currency against SBN tender result after the process to determine tender winner has been performed by Bank Indonesia by the following mechanism:

- a. announce all result of tender winner determination through LHBUS System and/or any other means specified by Bank Indonesia, among others in the form of nominal value of all incoming SBN bids, nominal value of won SBN, nominal value of foreign currency sold by Bank Indonesia and weighted average of the won USD/IDR rate.
- b. confirm to individual tender winner through dealing system determined by Bank Indonesia, among others in the following forms:
 - 1) nominal value of foreign currency received by an OMO Participant;
 - 2) SBN series and nominal value accepted by Bank Indonesia;
 - 3) the won USD/IDR rate;
 - 4) value date of settlement date;
 - 5) request for OMO Participant's Standard Settlement Instruction; and
 - 6) request for OMO Participant's Rupiah Current Account number.
- c. If a bid for tender is submitted through an Intermediary Agency, the confirmation set forth in letter b shall be made under the following provisions:

- 1) if an OMO Participant does not have a means of dealing system determined by Bank Indonesia, the confirmation shall be made through an Intermediary Agency; or
- 2) if an OMO Participant does not have a means of dealing system determined by Bank Indonesia, the confirmation shall be made to the OMO Participant.

10. Settlements of Transactions of Foreign Currency against SBN

- a. Bank Indonesia shall make settlements of Transactions of Foreign Currency against SBN within 2 (two) business days at the maximum after a transaction date.

Example of calculation of value and settlement of Transactions of Foreign Currency against SBN shall be as contained in Appendix V.

- b. Settlements of Transactions of Foreign Currency against SBN consist of settlements of SBN buying and foreign currency selling by Bank Indonesia.
- c. An OMO Participant must provide SBN in their Securities Account for settlement of SBN buying by Bank Indonesia, and fund in Rupiah in their Rupiah Current Account adequate for settlement of foreign currency selling by Bank Indonesia.
- d. Settlement of SBN buying by Bank Indonesia shall be made through BI-RTGS System and BI-SSSS.
- e. Settlement of foreign currency selling by Bank Indonesia shall be made through a Correspondence Bank appointed by Bank Indonesia and BI-RTGS System.
- f. The adequate type and series of SBN set forth in letter c shall be available in the OMO Participant's Securities Account and shall have been

transferred to the Securities Account of Bank Indonesia no later than 14.00 West Indonesia Time of BI-RTGS System or any other time limit determined by Bank Indonesia on the settlement date of Transaction of Foreign Currency against SBN.

- g. Bank Indonesia shall credit the OMO Participant's Securities Account an amount equal to the SBN buying settlement value by Bank Indonesia after receiving transfer of all types and series of SBN as the participant's obligation.
- h. Bank Indonesia shall transfer foreign currency to the OMO Participant's account with a Correspondence Bank an amount equal to the won foreign currency after debiting the OMO Participant's Rupiah Current Account for settlement of foreign currency selling by Bank Indonesia.
- i. If an OMO Participant fails to transfer the adequate type and series of SBN to Bank Indonesia's Securities Account until the time limit set forth in letter f, Transaction of Foreign Currency against SBN of the OMO Participant shall be declared cancelled.
- j. If on the settlement date, an OMO Participant does not have adequate Rupiah fund to make the mandatory foreign currency selling settlement by Bank Indonesia, the OMO Participant must pay the transaction nominal value on the following business day.
- k. On cancelation of Transaction of Foreign Currency against SBN because an OMO Participant fails to transfer the adequate type and series of SBN to Bank Indonesia's Securities Account set forth in letter i, on the settlement date, the OMO Participant must make a construct transfer from Bank Indonesia's Securities Account to the OMO Participant's Securities

Account for the SBN previously transferred no later than the cut-off warning period of BI-SSSS.

1. On cancelation of Transaction of Foreign Currency against SBN set forth in letter i or if an OMO Participant fails to meet their obligation on the settlement date set forth in letter j, the OMO Participant shall be imposed with sanctions as specified in Bank Indonesia regulation concerning Monetary Operations.

VIII. RUPIAH TERM DEPOSIT

1. Rupiah Term Deposit transaction shall be an instrument used by Bank Indonesia for Rupiah liquidity absorption in the money market.
2. Rupiah Term Deposit transaction shall have the following characteristics:
 - a. Rupiah Term Deposit transaction has the shortest term of 1 (one) day and the longest term of 12 (twelve) months, declared in the number of days calculated 1 (one) day after the settlement date until the due date;
 - b. Rupiah Term Deposit transaction is made with Securities issuance;
 - c. Bank Indonesia administers Rupiah Term Deposit transaction records in BI-SSSS; and
 - d. Rupiah Term Deposit may be early redeemed entirely or partially.
3. Rupiah Term Deposit Transaction Method
 - a. Rupiah Term Deposit transaction shall be made by tender mechanism through BI-ETP System.
 - b. Rupiah Term Deposit transaction by tender mechanism shall be made by adopting the following methods:

- 1) fixed rate tender at a discount rate of Rupiah Term Deposit transaction as determined by Bank Indonesia; or
 - 2) variable rate tender at a discount rate of Rupiah Term Deposit transaction as determined by an OMO Participant.
4. Announcement and Implementation of Rupiah Term Deposit Transaction Tender
 - a. Bank Indonesia may conduct Rupiah Term Deposit transaction tender on business days determined by Bank Indonesia.
 - b. Window time of Rupiah Term Deposit transaction tender may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.
 - c. Bank Indonesia shall announce Rupiah Term Deposit transaction tender plan and its change no later than the window time through BI-ETP System, LHBU System, and/or any other means.
 - d. Rupiah Term Deposit transaction plan announcement contains among others:
 - 1) means of transaction;
 - 2) tender date;
 - 3) window time;
 - 4) term;
 - 5) tender method;
 - 6) indicative target, if tender is conducted in variable rate tender method;
 - 7) discount rate, if tender is conducted in fixed rate tender method;
 - and/or
 - 8) settlement date and time.
5. Rupiah Term Deposit Transaction Bid for tender

- a. An OMO Participant may submit Rupiah Term Deposit transaction bid for tender directly and/or through an Intermediary Agency.
 - b. The Intermediary Agency shall then submit Rupiah Term Deposit transaction bid for tender in the interest of the OMO Participant.
 - c. Directly and/or through an Intermediary Agency, OMO Participant shall submit Rupiah Term Deposit transaction bid for tender to Bank Indonesia through BI-ETP System on the determined window time.
 - d. Any submitted Rupiah Term Deposit transaction bid for tenders shall include the following information:
 - 1) nominal value for tender in fixed rate tender method; or
 - 2) nominal value and discount rate for tender in variable rate tender method,for each term of Rupiah Term Deposit transaction to be issued.
 - e. An OMO Participant shall submit their bid at a nominal value of at least Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
 - f. If Rupiah Term Deposit transaction tender is conducted in variable rate tender method, any discount rate bid shall be submitted in multiples of 0.01% (one per one thousand).
 - g. OMO Participants and Intermediary Agencies shall be responsible for the accuracy of Rupiah Term Deposit bid for tender data submitted to Bank Indonesia.
 - h. OMO Participants and Intermediary Agencies shall be prohibited from cancelling bid for tenders submitted to Bank Indonesia.
6. Determination of Rupiah Term Deposit Transaction Tender Winner

- a. If Rupiah Term Deposit transaction tender is conducted in fixed rate tender method, any won SBI determination shall be calculated in the following manners:
 - 1) Bid for nominal value submitted by OMO Participant is won entirely.
 - 2) If necessary, any bid for nominal value submitted by OMO Participant may be won partly based on proportional calculation in accordance with Bank Indonesia calculation with the smallest nominal rounding of Rp1,000,000.00 (one million rupiah).
- b. If Rupiah Term Deposit transaction tender is conducted in a variable rate tender method, determination of any won Rupiah Term Deposit transactions shall be calculated in the following manners:
 - 1) Bank Indonesia determines the highest acceptable discount rate or Stop Out Rate (SOR); and
 - 2) Bank Indonesia determines the won nominal value in the following manners:
 - a) if the discount rate submitted by an OMO Participant is lower than the determined SOR, the OMO Participant will win the submitted Rupiah Term Deposit transaction entirely; and
 - b) if the discount rate submitted by an OMO Participant is equal to the determined SOR, the OMO Participant will win the entire or part of submitted transaction bid in the amount proportionally calculated in accordance with Bank Indonesia calculation, with the smallest nominal rounding of Rp1,000,000.00 (one million rupiah).

- c. Bank Indonesia may determine that there is no Rupiah Term Deposit transaction tender winner.

7. Announcement of Rupiah Term Deposit Transaction Tender Result

Bank Indonesia shall determine Rupiah Term Deposit transaction tender result after window time is closed in the following manners:

- a. individually to tender winner through BI-ETP System, among others in the form of nominal value and the won discount rate; and
- b. entirely through BI-ETP System, LHBU System, and/or any other means, among others in the form of the won nominal value, SOR, and/or weighted average of Rupiah Term Deposit discount rate.

8. Settlement of Rupiah Term Deposit Transaction

a. Settlement of Rupiah Term Deposit Transaction Tender

- 1) Bank Indonesia conducts Rupiah Term Deposit transaction tender result settlements no later than 1 (one) business day after the announcement of Rupiah Term Deposit transaction tender result.
- 2) An OMO Participants must have fund in their Rupiah Current Account adequate for Rupiah Term Deposit transaction settlements.
- 3) Fund settlement of Rupiah Term Deposit transaction shall be made in the mechanism of settlements of individual transaction (gross to gross) and DVP.
- 4) Rupiah Term Deposit cash value set forth in point 3) is calculated based on true discount with the following formula:

$\text{cash value} = \frac{\text{nominal value} \times 360}{360 + (\text{discount rate} \times \text{term})}$

$\text{discount value} = \text{nominal value} - \text{cash value}$
--

Note:

nominal Rupiah Term Deposit = the nominal value of won Rupiah
Term Deposit
discount rate = the won discount rate
term = number of days calculated 1 (one)
day tender settlement date until
the due date of Rupiah Term
Deposit transaction

- 5) If fund in Rupiah Current Account is not adequate to meet settlement obligation of Rupiah Term Deposit transaction until the determined time, which results in settlement failure, BI-SSSS shall automatically cancel the won Rupiah Term Deposit transaction of the relevant OMO Participant.
- 6) On cancellation of Rupiah Term Deposit transaction set forth in point 5), OMO Participant shall be imposed with the sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

b. Settlement of Due Rupiah Term Deposit Transaction

- 1) On the due date of Rupiah Term Deposit transaction, Bank Indonesia shall fully pay such due Rupiah Term Deposit automatically through BI-SSSS in an amount equal to the Rupiah Term Deposit by crediting the Rupiah Current Account.
- 2) If after a Rupiah Term Deposit transaction is made, the Rupiah Term Deposit due date is determined as a holiday by the government, such

transaction settlement shall be made on the following business day without calculating additional discount on such holiday.

9. Early Redemption of Rupiah Term Deposit Transaction

a. Early Redemption Application

- 1) An OMO Participant may apply for an early redemption of Rupiah Term Deposit transaction from 15.00 West Indonesia Time until 17.00 West Indonesia Time.
- 2) The nominal value of such application shall at least amount to Rp1,000,000,000.00 (one billion rupiah) and higher in multiples of Rp100,000,000.00 (one hundred million rupiah).
- 3) The application shall be submitted through BI-SSSS.

b. Settlement of Early Redemption

Bank Indonesia shall make a same-day settlement of such applied early redemption in the beginning of the pre cut-off period of BI-RTGS System.

c. Calculation of Early Redemption

Cash Value of Early Redemption	=	$\frac{\text{Early Redeemed Nominal Value of Rupiah Term Deposit} \times 360 \text{ days}}{360 \text{ days} + (\text{discount RRT of Rupiah Term Deposit on issuance} \times \text{Remaining Term})}$
--------------------------------	---	---

Fee	=	$\text{Nominal Value of Early Redeemed Rupiah Term Deposit} \times (\text{Repo Rate of Lending Facility} - \text{discount RRT of Rupiah Term Deposit on issuance}) \times \frac{\text{remaining term}}{360}$
-----	---	--

Value of Early Redemption Settlement	=	Cash Value of Early Redemption – Cost
--------------------------------------	---	---------------------------------------

Note:

RRT = weighted average

IX. FOREIGN CURRENCY TERM DEPOSIT

1. Foreign currency Term Deposit transaction shall be a term deposit of an OMO Participant's fund in foreign currency with Bank Indonesia.
2. Foreign currency Term Deposit transaction has the following characteristics:
 - a. type of foreign currency in foreign currency Term Deposit transaction shall be United States Dollar;
 - b. Foreign currency Term Deposit transaction has the shortest term of 1 (one) day and the longest term of 12 (twelve) months, declared in the number of days calculated 1 (one) day after the settlement date until the due date;
 - c. Foreign currency Term Deposit transaction is made without Securities issuance;
 - d. Bank Indonesia shall grant interest on foreign currency Term Deposit transactions;
 - e. Foreign currency Term Deposit may be early redeemed entirely or partly; and
 - f. Foreign currency Term Deposit may be changed into Swap Transaction of selling United States Dollar against Rupiah of Bank Indonesia.
3. OMO Participants eligible for participating in foreign currency Term Deposit transactions shall be Foreign Exchange Banks.
4. Foreign currency Term Deposit transactions may be made on business days determined by Bank Indonesia.
5. Foreign Currency Term Deposit Transaction Method
 - a. Foreign currency Term Deposit transactions shall be made through a dealing system facility determined by Bank Indonesia.
 - b. Foreign currency Term Deposit transactions shall be made by adopting the following tender methods:

- 1) fixed rate tender at a discount rate of foreign currency Term Deposit transaction as determined by Bank Indonesia; or
 - 2) variable rate tender at a discount rate of foreign currency Term Deposit transaction as determined by an OMO Participant.
6. Registration and Information Update to Participate in Foreign Currency Term Deposit Transaction Tender
 - a. Prior to participating in a foreign currency Term Deposit transaction tender, registration shall be made under the following provisions:
 - 1) an OMO Participant shall submit a registration request to participate in a foreign currency Term Deposit transaction at least containing the following information:
 - a) OMO Participant's name;
 - b) 1 (one) Terminal Controller Identifier (TCID) if the OMO Participant has TCID;
 - c) if the OMO Participant has an account with a Correspondence Bank, the OMO Participant shall submit:
 - (1) 1 (one) name and account number of the OMO Participant with the correspondence bank;
 - (2) Bank Identifier Code (BIC) of the OMO Participant;
 - d) if the OMO Participant does not have an account with a Correspondence Bank, the OMO Participant shall submit:
 - (1) 1 (one) name and account number of a bank appointed for settlement purposes; and
 - (2) BIC of a bank appointed for settlement purposes;

- 2) an Intermediary Agency shall submit a registration request to participate in a foreign currency Term Deposit transaction at least containing the following information:
- a) Intermediary Agency's name; and
 - b) 1 (one) TCID if the Broker has TCID.
- b. The request letter set forth in letter a shall only be submitted by an OMO Participant and Intermediary Agency when they will make the first foreign currency Term Deposit transaction by sending letter to Bank Indonesia.
- c. The letter set forth in letter b shall be submitted to Bank Indonesia at the following address:
- Bank Indonesia c.q. Monetary Management Department,
Monetary Operation Supporting Group
Division of System Management and Monetary Operation Information
Menara Sjafruddin Prawiranegara
Jl. M.H. Thamrin No. 2
Jakarta 10350
- If the correspondences address changes, such change shall be notified by letter and/or any other media.
- d. In the event of information change set forth in letter a, an OMO Participant and Intermediary Agency shall submit information update by letter by using the letter set forth in letter b, which may be preceded by an email to dpm-dpom@bi.go.id.
- e. The letter set forth in letter d shall be submitted to Bank Indonesia at the address set forth in letter c.

- f. Bank Indonesia shall submit registration approval by letter to participate in a foreign currency Term Deposit transaction tender to an OMO Participant and Intermediary Agency, which among others contains the following information:
- 1) TCID, if an OMO Participant and/or Intermediary Agency does not have TCID;
 - 2) individual page code consisting of active page, historical page, and confirmation page on automation system of foreign currency monetary operation tender; and
 - 3) effective date to participate in foreign currency Term Deposit transaction tender.

7. Tender Announcement and Implementation

- a. Bank Indonesia shall announce foreign currency Term Deposit transaction tender plan no later than the window time through LHBUS System and/or any other means.
- b. Window time of foreign currency Term Deposit transaction tender may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.
- c. Foreign currency Term Deposit transaction plan announcement contains among others:
- 1) means of transaction;
 - 2) tender date;
 - 3) term and due date;
 - 4) tender method;

- 5) indicative target (if tender is conducted in variable rate tender method);
- 6) discount rate, if tender is conducted in fixed rate tender method;
- 7) window time; and/or
- 8) settlement date (value date).

8. Bid for tender

- a. An OMO Participant may submit foreign currency Term Deposit transaction bid for tender directly and/or through an Intermediary Agency.
- b. The Intermediary Agency shall then submit foreign currency Term Deposit transaction bid for tender in the interest of the OMO Participant.
- c. Directly and/or through an Intermediary Agency, OMO Participant shall submit foreign currency Term Deposit transaction bid for tender to Bank Indonesia within the determined window time determined based on the time arrangement recorded on the system of Bank Indonesia.
- d. Foreign currency Term Deposit transaction bid by fixed rate tender method shall at least contain the following information:
 - 1) auction name;
 - 2) bid for nominal value; and
 - 3) OMO Participant's TCID, if an Intermediary Agency submits a bid for and on behalf of the OMO Participant.
- e. Foreign currency Term Deposit transaction bid by variable rate tender method shall at least contain the following information:
 - 1) auction name;
 - 2) interest rate;
 - 3) bid for nominal value; and

- 4) OMO Participant's TCID, if an Intermediary Agency submits a bid for and on behalf of the OMO Participant.
- f. Foreign currency Term Deposit transaction bid for tender set forth in letter d and/or e shall be made under the following provisions:
- 1) bid for nominal value from an OMO Participant of at least USD5,000,000.00 (five million United States dollar) and higher in multiples of USD1,000,000.00 (one million United States dollar);
 - 2) if foreign currency Term Deposit transaction tender is made by variable rate tender, bid for interest rate shall be in multiples of 1 bps (basis point) or 0.01% (one per ten thousand);
 - 3) in the event of bid correction, an OMO Participant and Intermediary Agency may apply for correcting bids submitted within the window time of foreign currency Term Deposit transaction;
 - 4) the correction set forth in point 3) may be made under the following provisions:
 - a) an OMO Participant may submit correction to bid information, except the auction name; and/or
 - b) An Intermediary Agency, which submits foreign currency Term Deposit bid for tender for and on behalf of an OMO Participant, may submit correction to bid information, except the OMO Participant's TCID information and auction name;
 - 5) bid correction must meet the bid requirements set forth in point 1), point 2), point 3), and point 4);
 - 6) OMO Participants and Intermediary Agencies shall be responsible for the accuracy of bid data submitted to Bank Indonesia;

- 7) OMO Participants and Intermediary Agencies shall be prohibited from cancelling any bids submitted to Bank Indonesia;
- 8) An Intermediary Agency must submit information to an OMO Participant on foreign currency Term Deposit transaction submitted in the interest of the OMO Participant;
- 9) OMO Participants and Intermediary Agencies shall monitor the accuracy of information on foreign currency Term Deposit transaction bid submitted to Bank Indonesia.

9. Determination of Tender Winner

- a. If fixed rate tender method is applied, the won foreign currency Term Deposit determination shall be calculated in the following manners:
 - 1) bid for nominal value submitted an OMO Participant is won entirely;
 - 2) if necessary, any bid for nominal value submitted by an OMO Participant may be won partly based on proportional calculation with rounding to the nearest one hundred thousands of United States Dollar under the following provisions:
 - a) nominal of less than USD50,000.00 (fifty thousand United States Dollar) shall be rounded up to zero;
 - b) nominal of USD50,000.00 (fifty thousand United States Dollar) or higher shall be rounded up to USD100,000.00 (one hundred thousand United States Dollar).
- b. If variable rate tender method is applied, the won foreign currency Term Deposit determination shall be calculated in the following manners:
 - 1) Bank Indonesia determines the highest acceptable discount rate or Stop Out Rate (SOR) on foreign currency Term Deposit transaction;

2) Bank Indonesia determines the won nominal value in the following manners:

- a) if the interest rate submitted by an OMO Participant is lower than the determined SOR, the OMO Participant will win the entire submitted foreign currency Term Deposit transaction;
- b) if the interest rate submitted by an OMO Participant is equal to the determined SOR, the OMO Participant may win the entire or part of the submitted transaction bid based on proportional calculation with rounding to the nearest one hundred thousands of United States Dollar under the following provisions:
 - (1) nominal of less than USD50,000.00 (fifty thousand United States Dollar) shall be rounded up to zero;
 - (2) nominal of USD50,000.00 (fifty thousand United States Dollar) or higher shall be rounded up to USD100,000.00 (one hundred thousand United States Dollar).

Example of nominal value calculation and determination of foreign currency Term Deposit transaction tender winner is contained in Appendix VI.

- c. Bank Indonesia may determine that there is no foreign currency Term Deposit transaction tender winner.

10. Announcement of Foreign Currency Term Deposit Transaction Tender Result

Bank Indonesia shall announce foreign currency Term Deposit transaction tender result after such winner determination process by Bank Indonesia under the following provisions:

- a. entirely to all OMO Participants and Intermediary Agencies, announcement of foreign currency Term Deposit transaction tender result shall be submitted through LHBUS System and/or any other means of communication used by Bank Indonesia, among others in the form of the won bid nominal value and weighted average of foreign currency Term Deposit interest rate;
- b. individually to each tender winner, announcement of foreign currency Term Deposit transaction tender result shall be submitted through automation system of foreign currency monetary operation tender; among others are term, nominal value, interest rate, and interest nominal of the won foreign currency Term Deposit.

11. Settlement of Foreign Currency Term Deposit Transaction

- a. Settlement of Foreign Currency Term Deposit Transaction Tender
 - 1) Bank Indonesia shall settle foreign currency Term Deposit transaction within 2 (two) business days at the maximum.
 - 2) An OMO Participant must provide fund in their current account with a Correspondence Bank or any appointed bank for settlement purposes adequate for settlement of foreign currency Term Deposit transaction.
 - 3) On the settlement date, an OMO Participant must transfer the foreign currency Term Deposit transaction settlement obligation for each bid or according to the won nominal value to Bank Indonesia's account with the Correspondence Bank.
 - 4) Bank shall submit the foreign currency Term Deposit transaction settlement confirmation set forth in point 3) through SWIFT message

format MT320 or any other means to Bank Indonesia c.q. Foreign Currency Management Department.

- 5) If an OMO Participant fails to meet the settlement obligation set forth in point 4), the foreign currency Term Deposit transaction shall be declared cancelled.
- 6) On cancellation of foreign currency Term Deposit transaction set forth in point 5), an OMO Participant shall be imposed with the sanctions specified in Bank Indonesia regulation concerning Monetary Operations.
- 7) To calculate the imposed sanction of temporary suspension to participate in Monetary Operations, if on the same day there are more than 1 (one) cancelation of foreign currency Term Deposit transaction, then such cancelation shall only be calculated once.

b. Settlement of Due Foreign Currency Term Deposit Transaction

- 1) On the due date of foreign currency Term Deposit transaction, Bank Indonesia shall fully pay the due foreign currency Term Deposit by transferring to the OMO Participant's current account with the Correspondence Bank an amount equal to the cash value.
- 2) The cash value set forth in point 1) shall be calculated by applying the following formula:

$\text{cash value} = N \times \left(1 + r \times \frac{k}{360 \text{ days}}\right)$

Note:

N = nominal of foreign currency Term Deposit

r = won interest rate

k = term of foreign currency Term Deposit

- c. If after a transaction is made, the due date of the foreign currency Term Deposit transaction is determined as a holiday by the government, the transaction settlement will be made on the following business day without calculating additional interest on such holiday.

12. Early Redemption of Foreign Currency Term Deposit Transaction

a. Application for Early Redemption

- 1) An OMO Participant may apply for early redemption of foreign currency Term Deposit within 3 (three) days at the earliest after the settlement of foreign currency Term Deposit transaction to which the early redemption will apply.
- 2) An OMO Participant may apply for early redemption on every business day, except on the day of foreign currency Term Deposit tender with a term exceeding overnight.
- 3) The early redemption set forth in point 2) shall be submitted from 08.00 West Indonesia Time until 11.00 West Indonesia Time.
- 4) The application shall be submitted through a dealing system facility determined by Bank Indonesia.
- 5) Application of entire or part of early redemption shall be submitted for the full nominal value specified in each deal ticket.
- 6) Application of early redemption is accompanied by the information on reference number and auction name during such application.
- 7) An OMO Participant making such early redemption of foreign currency Term Deposit shall obtain interest proportionally with the following calculation:

interest	=	early redemption nominal	x	interest rate	x	$\frac{k}{360}$
----------	---	-----------------------------	---	------------------	---	-----------------

Note:

k = term until the settlement of early redemption of foreign currency Term Deposit in Bank Indonesia

8) An OMO Participant shall be charged with early redemption fee of foreign currency Term Deposit of 10% (ten percent) of the interest set forth in point 7).

b. Settlement of Early Redemption

Bank Indonesia shall make settlement of early redemption within 2 (two) business days after the early redemption application date.

c. Calculation of Early Redemption Value

The cash value of early redemption shall be equal to the nominal value of foreign currency Term Deposit to which early redemption applies plus interest minus early redemption fee.

13. Foreign Currency Term Deposit Transaction Change into Swap Transaction of USD Selling against Rupiah of Bank Indonesia (FX Swap)

a. Application for Foreign Currency Term Deposit Transaction Change into FX Swap Transaction

- 1) If an OMO Participant needs Rupiah liquidity, the OMO Participant may apply for foreign currency Term Deposit change into FX Swap.
- 2) The application of foreign currency Term Deposit change into FX Swap shall be submitted through a dealing system facility determined by Bank Indonesia on every business day, except on the day of foreign currency Term Deposit tender with a term exceeding overnight.

- 3) The application of foreign currency Term Deposit change into FX Swap shall be submitted for the full nominal value specified in each deal ticket.
- 4) The application of foreign currency Term Deposit change into FX Swap shall simultaneously be an application for early redemption of foreign currency Term Deposit to be changed.
- 5) The early redemption of foreign currency Term Deposit set forth in point 4) shall follow the provisions set forth in point 12.a.1), point 12.a.7), and point 12.a.8).
- 6) FX Swap transaction, which comes from foreign currency Term Deposit change, shall be made with the term determined by Bank Indonesia of 7 (seven) days at the shortest.
- 7) FX Swap premium, which comes from foreign currency Term Deposit change, shall be determined by Bank Indonesia.
- 8) An OMO Participant may submit foreign currency Term Deposit transaction change into FX Swap transaction from 08.00 West Indonesia Time until 10.00 West Indonesia Time.
- 9) Bank Indonesia shall submit the information on FX Swap premium to an OMO Participant at 11.00 West Indonesia Time and at the same time request the OMO Participant to give confirmation.
- 10) If an OMO Participant does not agree on the FX Swap premium determined by Bank Indonesia, the FX Swap transaction process will not continue and the foreign currency Term Deposit will continue (early redemption will not apply).

- 11) If an OMO Participant agrees on the FX Swap premium determined by Bank Indonesia, the OMO Participant shall give a deal confirmation of early redemption of foreign currency Term Deposit and FX Swap transaction through a dealing system facility determined by Bank Indonesia.
 - 12) On foreign currency Term Deposit transaction change into FX Swap, Bank Indonesia will grant interest and charge fee to an OMO Participant according to the early redemption provisions set forth in point 12.a.7) and point 12.a.8).
- b. Settlement of Foreign Currency Term Deposit Transaction Change into FX Swap Transaction
- 1) Bank Indonesia shall make settlement of early redemption for foreign currency Term Deposit transaction change into FX Swap transaction by transferring interest to an OMO Participant's current account with a Correspondence Bank after deducted by early redemption fee, within 2 (two) business days after the change application date.
 - 2) Bank Indonesia shall make the first leg settlement of FX Swap transaction for foreign currency Term Deposit transaction change into FX Swap transaction within 2 (two) business days after the change application date under the following procedure:
 - a) Bank Indonesia shall record foreign currency change from early redemption of foreign currency Term Deposit into fund source for settlement of FX Swap transaction.
 - b) Bank Indonesia shall credit an OMO Participant's Rupiah Current Account an equivalent amount in Rupiah from the

nominal value of the changed foreign currency Term Deposit multiplied by the spot rate determined on the FX Swap transaction date.

- 3) On the second leg settlement of FX Swap transaction, the following provisions shall apply:
- a) Bank Indonesia shall debit an OMO Participant's Rupiah Current Account an amount equal to the nominal value of FX Swap foreign currency multiplied by the forward rate determined on the FX Swap transaction date.
 - b) Bank Indonesia shall transfer foreign currency to an OMO Participant's current account with a Correspondence Bank an amount equal to the nominal value of FX Swap foreign currency.
 - c) If on the second leg settlement, an OMO Participant does not have adequate Rupiah fund to meet the settlement obligation, the FX Swap transaction participant must pay the transaction nominal value on the following business day.
 - d) The payment of FX Swap transaction nominal value set forth in letter c) shall be made by debiting an OMO Participant's Rupiah Current Account with Bank Indonesia.
 - e) On delay in fulfillment of the settlement obligation set forth in letter c), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

14. Abnormal Condition on Automation System of Foreign Currency Monetary Operation Tender

- a. In the event of abnormal condition on automation system of foreign currency monetary operation tender, which affects smooth foreign currency Term Deposit transaction tender implementation, Bank Indonesia shall immediately cancel the foreign currency Term Deposit transaction tender process conducted through automation system of foreign currency monetary operation tender.
- b. Bank Indonesia shall inform the tender process cancelation set forth in letter a to an OMO Participant through LHBU System and/or any other means.
- c. If necessary, Bank Indonesia may re-open the foreign currency Term Deposit transaction tender process in a manual manner through a dealing system facility determined by Bank Indonesia.
- d. Foreign currency Term Deposit transaction tender process conducted in a manual manner set forth in letter c shall be specified under the following provisions:
 - 1) Tender Announcement
 - a) Bank Indonesia shall announce foreign currency Term Deposit transaction tender plan no later than the window time through LHBU System and/or any other means.
 - b) Foreign currency Term Deposit transaction plan announcement contains among others:
 - (1) means of transaction;
 - (2) tender date;
 - (3) window time;

- (4) term and due date;
- (5) tender method;
- (6) indicative target, if tender is conducted in variable rate tender method;
- (7) interest rate, if tender is conducted in fixed rate tender method; and/or
- (8) settlement date or value date.

2) Submission of Bid for Tender

- a) OMO Participants and Intermediary Agencies shall submit foreign currency Term Deposit transaction bid for tender to Bank Indonesia within the determined window time.
- b) If fixed rate tender is adopted, the information contained in the application shall be among others:
 - (1) OMO Participant's name;
 - (2) transaction date;
 - (3) term;
 - (4) Standard Settlement Instruction; and
 - (5) bid for nominal value.
- c) If variable rate tender is adopted, the information contained in the application shall be among others:
 - (1) OMO Participant's name;
 - (2) transaction date;
 - (3) term;
 - (4) Standard Settlement Instruction;
 - (5) bid for nominal value; and

(6) interest rate.

d) Submission of foreign currency Term Deposit transaction bid for tender set forth in letter b) and/or letter c) shall be submitted under the following provisions:

(1) submission may be made 2 (two) times at the maximum for each submitted term;

(2) submission of each bid for nominal value from an OMO Participant shall be at least USD5,000,000.00 (five million United States dollar) and higher in multiples of USD1,000,000.00 (one million United States dollar);

(3) if foreign currency Term Deposit transaction tender is made by variable rate tender, interest rate bid shall be in the multiples of 1 bps (basis point) or 0.01% (one per ten thousand);

(4) in the event of bid correction, an OMO Participant and Intermediary Agency may apply for correcting bids submitted within the window time of foreign currency Term Deposit transaction;

(5) In the event of bid correction, OMO Participants and Intermediary Agencies may only be made 1 (one) correction for each bid made on the window time of foreign currency Term Deposit transaction.

(6) correction to the bid must meet bid application requirements;

- (7) OMO Participants and Intermediary Agencies shall be responsible for the accuracy of SBI bid data submitted to Bank Indonesia;
 - (8) OMO Participants and Intermediary Agencies shall be prohibited from cancelling any bids submitted to Bank Indonesia;
 - (9) If OMO Participants and Intermediary Agencies fail to meet the provisions set forth in point 1), point 2), and point 3) or fails to correct the submitted bid within the window time of foreign currency Term Deposit transaction, the bid shall be declared cancelled.
- 3) Determination of foreign currency Term Deposit transaction Tender Winner shall be as specified in point 9.
- 4) Announcement of Foreign Currency Term Deposit Transaction Tender Result
- Bank Indonesia shall announce foreign currency Term Deposit transaction tender result after the process to determine tender winner has been performed by Bank Indonesia by the following mechanism:
- a) announce all result of tender winner determination to all OMO Participants and Intermediary Agencies through LHBU System and/or any other means specified by Bank Indonesia, among others in the form of the won nominal value and weighted average of the foreign currency Term Deposit interest rate;

- b) confirm to individual tender winner through dealing system determined by Bank Indonesia, among others in the following forms:
 - (1) foreign currency nominal value and interest rate won by the OMO Participant;
 - (2) term;
 - (3) settlement date or value date; and
 - (4) request for Standard Settlement Instruction of an OMO Participant.
 - c) If a bid for tender is submitted through an Intermediary Agency, the confirmation set forth in letter b) shall be made under the following provisions:
 - (1) if an OMO Participant does not have a means of dealing system determined by Bank Indonesia, the confirmation shall be made through an Intermediary Agency; or
 - (2) if an OMO Participant does not have a means of dealing system determined by Bank Indonesia, the confirmation shall be made to the OMO Participant.
- 5) Settlement of foreign currency Term Deposit transaction shall be made under the following provisions:
- a) The nominal value contained in every deal ticket of the foreign currency Term Deposit transaction tender confirmation must be equal to the nominal value of each won bid.
 - b) The settlement shall be made under the provisions set forth in point 11.

X. SWAP TRANSACTION BY TENDER METHOD

1. Swap Transaction shall be made to support liquidity management to reach the operational target of monetary policies in the following manners:
 - a. Selling Swap Transaction of Bank Indonesia; or
 - b. Buying Swap Transaction of Bank Indonesia.
2. Swap Transaction has the following characteristics:
 - a. type of foreign currency in Swap Transaction shall be United States Dollar;
 - b. Swap Transaction may have a term from 1 (one) day until 1 (one) year, calculated 1 (one) day after the settlement date until the due date; and
 - c. the spot rate of United States Dollar against Rupiah used in Swap Transaction shall be JISDOR.
3. OMO Participants eligible to participate in Swap Transaction shall be Foreign Exchange Banks.
4. Transaction Method
 - a. Bank Indonesia shall make Swap Transaction by tender.
 - b. Swap Transaction shall be made through dealing system facility determined by Bank Indonesia.
 - c. Tender mechanism shall be made by swap premium tender method.
5. Announcement and Implementation of Swap Transaction
 - a. Swap Transaction may be made on every business day determined by Bank Indonesia.
 - b. Window time of Swap Transaction may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.

- c. Bank Indonesia shall announce Swap Transaction tender plan no later than the window time through LHBUS System and/or any other means.
- d. If the window time set forth in letter b opens prior to JISDOR issuance, the spot rate used shall be JISDOR on the previous business day.
- e. If the window time set forth in letter b opens after JISDOR issuance, the spot rate used shall be JISDOR on the transaction date.
- f. Announcement of Swap Transaction tender plan contains among others:
 - 1) means of transaction;
 - 2) tender date;
 - 3) tenor;
 - 4) window time;
 - 5) settlement date or value date;
 - 6) due date;
 - 7) tender indicative target;
 - 8) currency; and/or
 - 9) spot rate.

6. Submission of Bid for Tender

- a. An OMO Participant may submit Swap Transaction bid for tender directly and/or through an Intermediary Agency.
- b. The Intermediary Agency shall then submit Swap Transaction bid for tender in the interest of the OMO Participant.
- c. OMO Participants and Intermediary Agencies shall submit Swap Transaction bid for tender to Bank Indonesia through the dealing system facility on the window time determined by Bank Indonesia.

- d. Any submitted Swap Transaction bid for tenders shall include the following information:
- 1) OMO Participant's name;
 - 2) transaction date;
 - 3) tenor;
 - 4) due date;
 - 5) nominal value of the bid;
 - 6) type of foreign currency;
 - 7) swap premium; and
 - 8) Standard Settlement Instruction.
- e. Swap Transaction bid for tender set forth in letter d may be made 2 (two) times at the maximum for each submitted term.
- f. Bid for nominal value from an OMO Participant and Intermediary Agency shall be at least USD5,000,000.00 (five million United States dollar) and higher in multiples of USD1,000,000.00 (one million United States dollar).
- g. Swap premium bid from an OMO Participant and Intermediary Agency shall be at least Rp1.00 (one rupiah) and higher in the multiples of Rp1.00 (one rupiah).
- h. In the event of bid correction, OMO Participants and Intermediary Agencies may only make 1 (one) correction for each bid made on the window time of Swap Transaction.
- i. The correction set forth in letter h may among others be made to the information set forth in letter d, except the information on OMO Participant's name and Swap Transaction term.

- j. In the event of correction to the nominal value of the bid set forth in letter h, such nominal value must meet the nominal value set forth in letter f.
- k. OMO Participants and Intermediary Agencies shall be responsible for the accuracy of data of Swap Transaction bid for tender submitted to Bank Indonesia.
- l. OMO Participants and Intermediary Agencies shall be prohibited from cancelling any bids submitted to Bank Indonesia.
- m. If an OMO Participant and Intermediary Agency submit a bid in contravention of the provisions set forth in letter d, letter e, letter f, or letter g and fails to correct the bid within the window time of the Swap Transaction, the bid shall be declared cancelled.

7. Determination of Swap Transaction Winner

- a. Bank Indonesia shall determine the accepted swap premium limit.
- b. Bank Indonesia shall determine the won bid in the following manners:
 - 1) For Selling Swap Transaction of Bank Indonesia
 - a) if the swap premium submitted by an OMO Participant is higher than the swap premium limit accepted by Bank Indonesia, the OMO Participant shall win the entire submitted Swap Transaction bid; or
 - b) if the swap premium submitted by an OMO Participant is equal to the swap premium limit accepted by Bank Indonesia, the OMO Participant shall win the entire or part of the submitted Swap Transaction bid in a proportional calculation.

Example of calculation of tender winner of Selling Swap Transaction of Bank Indonesia shall be as specified in Appendix VII.

2) For Buying Swap Transaction of Bank Indonesia

- a) if the swap premium submitted by an OMO Participant is lower than the swap premium limit accepted by Bank Indonesia, the OMO Participant shall win the entire submitted Swap Transaction bid; or
- b) if the swap premium submitted by an OMO Participant is equal to the swap premium limit accepted by Bank Indonesia, the OMO Participant shall win the entire or part of the submitted Swap Transaction bid in a proportional calculation.

Example of calculation of tender winner of Buying Swap Transaction of Bank Indonesia shall be as specified in Appendix VII.

3) Rounding of nominal value won by Swap Transaction tender winner proportionally shall be made to the nearest one hundred thousands of United States Dollar under the following provisions:

- a) nominal of less than USD50,000.00 (fifty thousand United States Dollar) shall be rounded up to 0 (zero); and
- b) nominal of USD50,000.00 (fifty thousand United States Dollar) or higher shall be rounded up to USD100,000.00 (one hundred thousand United States Dollar).

4) Bank Indonesia may determine that there is no Swap Transaction tender winner.

8. Announcement of Swap Transaction Tender Result

Bank Indonesia shall announce Swap Transaction tender result after such winner determination process by Bank Indonesia under the following provisions:

- a. announce tender winner determination entirely through LHBUS System and/or any other means, among others in the form of the won Swap nominal value and weighted average of swap premium per tenor;
- b. confirm to individual tender winner through the dealing system determined by Bank Indonesia among others in the form of:
 - 1) the nominal swap tender won by an OMO Participant;
 - 2) the won swap premium;
 - 3) transaction time;
 - 4) value date;
 - 5) due date;
 - 6) request for Standard Settlement Instruction of an OMO Participant;
and
 - 7) request for Rupiah Current Account number of an OMO Participant.
- c. If a bid for tender is submitted through an Intermediary Agency, the confirmation set forth in letter b shall be given under the following provisions:
 - a) if an OMO Participant does not have the dealing system facility determined by Bank Indonesia, confirmation shall be given through an Intermediary Agency; or
 - b) if an OMO Participant has the dealing system facility determined by Bank Indonesia, confirmation shall be given to the OMO Participant.
- d. An OMO Participant, which has won a bid, is prohibited from making an early termination of Swap Transaction.

9. Swap Transaction Settlement

- a. For Selling Swap Transaction of Bank Indonesia

1) First Leg Settlement

- a) Bank Indonesia shall make the first leg settlement within 2 (two) business days after the Swap Transaction date by crediting an OMO Participant's Rupiah Current Account an amount equal to the first leg settlement value.
- b) The first leg settlement value shall be equal to the won nominal value of United States Dollar multiplied by JISDOR.
- c) An OMO Participant must settle the fund transfer of United States Dollar for every won bid to Bank Indonesia's account with the Correspondence Bank on the settlement date.
- d) If on the first leg settlement, an OMO Participant fails to transfer fund in United States Dollar an amount equal to the value won in the first leg settlement, the OMO Participant must complete the fund transfer in United States Dollar an amount equal to the value won on the following business day.
- e) On delay in fulfillment of the settlement obligation set forth in letter d), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

2) Second Leg Settlement

- a) On the due date of the (second leg) Swap Transaction, Bank Indonesia shall transfer fund in United States Dollar to an OMO Participant's account with a Correspondence Bank an amount equal to the nominal value in United States Dollar in the first leg settlement.

- b) Bank Indonesia shall debit an OMO Participant's Rupiah Current Account an amount equal to the nominal value in United States Dollar in the first leg settlement multiplied by the rate in the second leg settlement.
- c) The rate in the second leg settlement shall be JISDOR on the transaction date plus swap premium won by an OMO Participant.
- d) If, on the second leg settlement date, an OMO Participant does not have adequate Rupiah fund to meet the settlement obligation, the OMO Participant must provide Rupiah fund adequate to meet the settlement obligation on the following business day.
- e) Payment of Swap Transaction nominal set forth in letter d) shall be made by debiting an OMO Participant's Rupiah Current Account with Bank Indonesia.
- f) On delay in fulfillment of the settlement obligation set forth in letter d), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

b. For Buying Swap Tender of Bank Indonesia

1) First Leg Settlement

- a) Bank Indonesia shall make the first leg settlement within 2 (two) business days after the Swap Transaction date by debiting an OMO Participant's Rupiah Current Account an amount equal to the first leg settlement.

- b) The first leg settlement value shall be equal to the won nominal value of United States Dollar multiplied by JISDOR.
- c) Bank Indonesia shall transfer fund in United States Dollar for every won bid to an OMO Participant's account with a Correspondence Bank.
- d) If, on the first leg settlement date, an OMO Participant does not have adequate Rupiah fund to meet the settlement obligation, the OMO Participant must provide Rupiah fund adequate to meet the settlement obligation on the following business day.
- e) Payment of Swap Transaction nominal set forth in letter d) shall be made by debiting an OMO Participant's Rupiah Current Account with Bank Indonesia.
- f) On delay in fulfillment of the settlement obligation set forth in letter d), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

2) Second Leg Settlement

- a) On the due date of the (second leg) Swap Transaction, Bank Indonesia shall credit an OMO Participant's Rupiah Current Account an amount equal to the won nominal value in United States Dollar multiplied by the rate in the second leg settlement.
- b) The rate in the second leg settlement shall be JISDOR on the transaction date plus swap premium won by an OMO Participant.

- c) An OMO Participant must complete transfer of fund in United States Dollar an amount equal to the nominal value in United States Dollar in the first leg settlement to Bank Indonesia's account with a Correspondence Bank no later than the second leg settlement date.
 - d) If, on the second leg settlement date, an OMO Participant fails to meet the settlement obligation set forth in letter c), the OMO Participant must complete the fund transfer in United States Dollar on the following business day.
 - e) On delay in fulfillment of the settlement obligation set forth in letter d), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.
- c. If after a Swap Transaction is made as set forth in letter a and letter b, the first settlement date or second settlement date is determined as a holiday by the government, the settlement will be made on the following business day.

XI. FORWARD TRANSACTION BY TENDER METHOD

1. Forward Transaction shall be made to support liquidity management to achieve the operational target of monetary policies in the following manners:
 - a. Selling Forward Transaction of Bank Indonesia.
 - b. Buying Forward Transaction of Bank Indonesia.
2. Forward Transaction shall have the following characteristics:
 - a. the type of foreign currency in Forward Transaction shall be United States Dollar;

- b. tenor of Forward Transaction shall be made in more than 2 (two) business days and 12 (twelve) months at the latest, which are declared in days, calculated 1 (one) day after the transaction date until the settlement date; and
 - c. the spot rate of United States Dollar against Rupiah used in Forward Transaction shall be JISDOR.
- 3. OMO Participants eligible to participate in Swap Transaction shall be Foreign Exchange Banks.
- 4. Transaction Method
 - a. Forward Transaction by tender mechanism shall be made through dealing system facility determined by Bank Indonesia.
 - b. Tender mechanism shall be made by adopting the following methods:
 - 1) fixed rate tender with Forward Point of Forward Transaction determined by Bank Indonesia; or
 - 2) variable rate tender with Forward Point of Forward Transaction determined by an OMO Participant.
- 5. Announcement and Implementation of Forward Transaction Tender
 - a. Forward Transaction tender shall be conducted on business days determined by Bank Indonesia.
 - b. Window time of Forward Transaction tender may be conducted between 08.00 West Indonesia Time until 16.00 West Indonesia Time, or any other time determined by Bank Indonesia.
 - c. Bank Indonesia shall announce Forward Transaction tender plan and its change no later than the window time through LHBUS System and/or any other means.

- d. If the window time set forth in letter b opens prior to JISDOR issuance, the spot rate used shall be JISDOR on the previous business day.
- e. If the window time set forth in letter b opens after JISDOR issuance, the spot rate used shall be JISDOR on the transaction date.
- f. Forward Transaction tender plan announcement contains among others:
 - 1) means of transaction;
 - 2) tender date;
 - 3) tenor;
 - 4) window time;
 - 5) tender method;
 - 6) settlement date or value date;
 - 7) forward point, if tender is conducted by fixed rate tender method;
 - 8) indicative target, if tender is conducted by variable rate tender method;
 - 9) type of foreign currency; and/or
 - 10) spot rate.

6. Submission of Bid for Tender

- a. An OMO Participant may submit Forward Transaction bid for tender directly and/or through an Intermediary Agency.
- b. The Intermediary Agency shall then submit Forward Transaction bid for tender in the interest of the OMO Participant.
- c. OMO Participants and Intermediary Agencies shall submit Forward Transaction bid for tender to Bank Indonesia through the dealing system facility on the window time determined by Bank Indonesia.

- d. Any submitted Forward Transaction bids among others include the following information:
- 1) OMO Participant's name;
 - 2) transaction date;
 - 3) tenor;
 - 4) settlement date or value date;
 - 5) type of foreign currency;
 - 6) nominal value, if tender is conducted by fixed rate tender method;
 - 7) nominal value and forward point, if tender is conducted by variable rate tender method; and
 - 8) Standard Settlement Instruction.
- e. Forward Transaction bid for tender set forth in letter d may be made 2 (two) times at the maximum for each submitted tenor.
- f. Bid for nominal value from an OMO Participant shall be at least USD1,000,000.00 (one million United States dollar) and higher in multiples of USD1,000,000.00 (one million United States dollar).
- g. Forward point bid from an OMO Participant and Intermediary Agency shall be at least Rp1.00 (one rupiah) and higher in the multiples of Rp1.00 (one rupiah).
- h. In the event of bid correction, OMO Participants and Intermediary Agencies may only make 1 (one) correction for each bid made on the window time of Forward Transaction.
- i. The correction set forth in letter h may among others be made to the information set forth in letter d, except the information on OMO Participant's name and Swap Transaction tenor.

- j. In the event of correction to the nominal value of the bid set forth in letter h, such nominal value must meet the nominal value set forth in letter f.
- k. OMO Participants and Intermediary Agencies shall be responsible for the accuracy of data of Forward Transaction bid for tender submitted to Bank Indonesia.
- l. OMO Participants and Intermediary Agencies shall be prohibited from cancelling any bids submitted to Bank Indonesia.
- m. If an OMO Participant and Intermediary Agency submit a bid in contravention of the provisions set forth in letter d, letter e, letter f, or letter g and fails to correct the bid within the window time of the Forward Transaction set forth in letter h, the bid shall be declared cancelled.
- n. Bank Indonesia may reject Forward Transaction bid submitted by an OMO Participant if the OMO Participant does not have adequate counterparty limit.

7. Determination of Forward Transaction Tender Winner

- a. If Forward Transaction is made by fixed rate tender method, determination of the won Forward Transaction bid shall be calculated in the following manners:
 - 1) For Selling Forward Transaction of Bank Indonesia
 - a) Bid for nominal value submitted by an OMO Participant is won entirely.
 - b) If necessary, any bid for nominal value submitted by an OMO Participant may be won partly based on proportional calculation.
 - 2) For Buying Forward Transaction of Bank Indonesia

- a) Bid for nominal value submitted by an OMO Participant is won entirely.
 - b) If necessary, any bid for nominal value submitted by an OMO Participant may be won partly based on proportional calculation.
- b. If Forward Transaction is made by variable rate tender method, determination of the won Forward Transaction bid shall be calculated in the following manners:
 - 1) Bank Indonesia shall determine the accepted forward point limit.
 - 2) Bank Indonesia shall determine the won bid for nominal value in the following manners:
 - a) For Selling Forward Transaction of Bank Indonesia
 - (1) if the forward point submitted by an OMO Participant is higher than the forward point bid limit accepted by Bank Indonesia, the OMO Participant shall win the entire submitted Forward Transaction bid; or
 - (2) if the forward point submitted by an OMO Participant is equal to the forward point bid limit accepted by Bank Indonesia, the OMO Participant shall win the entire or part of the submitted Forward Transaction bid in proportional calculation.
 - b) For Buying Forward Transaction of Bank Indonesia
 - (1) if the forward point submitted by an OMO Participant is lower than the forward point bid limit accepted by Bank Indonesia, the OMO Participant shall win the entire submitted Forward Transaction bid; or

- (2) if the forward point submitted by an OMO Participant is equal to the forward point bid limit accepted by Bank Indonesia, the OMO Participant shall win the entire or part of the submitted Forward Transaction bid in proportional calculation.

Example of calculation of Forward Transaction tender winner shall be as specified in Appendix VIII.

- c. Rounding of nominal value won by Forward Transaction tender winner proportionally shall be made to the nearest one hundred thousands of United States Dollar under the following provisions:
 - 1) nominal of less than USD50,000.00 (fifty thousand United States Dollar) shall be rounded up to 0 (zero); and
 - 2) nominal of USD50,000.00 (fifty thousand United States Dollar) or higher shall be rounded up to USD100,000.00 (one hundred thousand United States Dollar).
- d. Bank Indonesia may determine that there is no Forward Transaction tender winner.

8. Announcement of Forward Transaction Tender Result

Bank Indonesia shall announce Forward Transaction tender result after such winner determination process by Bank Indonesia under the following provisions:

- a. announce tender winner determination entirely through LHBUS System and/or any other means, among others in the form of the won Forward Transaction nominal value and weighted average of forward point per tenor.
- b. confirm to individual tender winner through the dealing system determined by Bank Indonesia among others in the form of:

- 1) the forward tender nominal won by an OMO Participant;
 - 2) the won forward point;
 - 3) transaction tenor;
 - 4) value date;
 - 5) request for Standard Settlement Instruction of OMO Participant; and
 - 6) request for Rupiah Current Account number of an OMO Participant.
- c. If bid for tender is submitted through an Intermediary Agency, the confirmation set forth in letter b shall be given under the following provisions:
- 1) if an OMO Participant does not have the dealing system facility determined by Bank Indonesia, confirmation shall be given through an Intermediary Agency; or
 - 2) if an OMO Participant has the dealing system facility determined by Bank Indonesia, confirmation shall be given to the OMO Participant.

9. Settlement of Forward Transaction

- a. For Selling Forward Transaction of Bank Indonesia
- 1) On the Forward Transaction value date, Bank Indonesia shall transfer fund in United States Dollar to an OMO Participant's account with a Correspondence Bank an amount equal to the nominal value of the won Forward Transaction in United States Dollar.
 - 2) Bank Indonesia shall debit an OMO Participant's Rupiah Current Account an amount equal to the nominal value in United States Dollar of the won Forward Transaction multiplied by Forward Transaction settlement rate.

- 3) Forward Transaction settlement rate shall be JISDOR rate on the transaction date plus the forward point won by an OMO Participant.
- 4) If, on the Forward Transaction settlement date, an OMO Participant does not have adequate Rupiah fund to meet the settlement obligation, the OMO Participant must provide Rupiah fund adequate to meet the settlement obligation on the following business day.
- 5) Payment of Forward Transaction nominal set forth in point 4) shall be made by debiting an OMO Participant's Rupiah Current Account with Bank Indonesia.
- 6) On delay in fulfillment of the settlement obligation set forth in letter d), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.

b. For Buying Forward Transaction of Bank Indonesia

- 1) On the Forward Transaction value date, Bank Indonesia shall credit an OMO Participant's Rupiah Current Account an amount equal to the nominal value of the won Forward Transaction in United States Dollar multiplied by the Forward Transaction settlement rate.
- 2) Forward Transaction settlement rate shall be JISDOR rate on the transaction date plus the forward point won by an OMO Participant.
- 3) An OMO Participant must complete transfer of fund in United States Dollar an amount equal to the nominal value in United States Dollar in the Forward Transaction settlement to Bank Indonesia's account with a Correspondence Bank no later than the settlement date.

- 4) If, on the settlement date, an OMO Participant fails to meet the settlement obligation set forth in point 3), the OMO Participant must transfer fund in United States Dollar on the following business day.
 - 5) On delay in fulfillment of the settlement obligation set forth in point 4), an OMO Participant shall be imposed with sanctions specified in Bank Indonesia regulation concerning Monetary Operations.
- c. If after a Forward Transaction is made as set forth in letter a and letter b, the settlement date is determined as a holiday by the government, the settlement will be made on the following business day.

XII. PROCEDURE FOR SANCTION IMPOSITION

1. Sanction for OMO Transaction in Rupiah

- a. An OMO Participant shall be imposed with sanctions if they fail to meet the mandatory settlement of OMO transaction in Rupiah, including:
 - 1) SBI issuance transaction set forth in point II.8.a.6);
 - 2) SDBI issuance transaction set forth in point III.8.a.6);
 - 3) Repo transaction set forth in point IV.8.a.1)e), IV.8.a.2)e), IV.8.b.1)g), and IV.8.b.2)d);
 - 4) Reverse Repo transaction set forth in point V.8.a.5) and V.8.b.5);
 - 5) SBN buying and selling in an outright manner from Bank Indonesia in the secondary market and Rupiah Term Deposit set forth in point VI.6.e;
 - 6) Transaction of Foreign Currency against SBN set forth in point VII.10.i; and/or
 - 7) Rupiah Term Deposit transaction set forth in point VIII.8.a.5).

- b. The sanctions set forth in letter a shall be in the following form:
 - 1) written warning, whose copy is delivered to the Financial Services Authority (OJK); and
 - 2) payment obligation of 0.01% (one per ten thousand) of the declared canceled OMO transaction value, of Rp10,000,000.00 (ten million rupiah) at the minimum and Rp100,000,000.00 (one hundred million rupiah) at the maximum.
 - c. If a transaction has the second leg, the canceled transaction value set forth in point b.2) shall be the transaction value in the first leg.
 - d. The written warning set forth in point b.1) shall be submitted within 1 (one) business day after a transaction cancelation.
 - e. The sanctioned payment obligation set forth in point b.2) shall be imposed by debiting an OMO Participant's Rupiah Current Account within 1 (one) business day after a transaction cancelation.
2. Sanctions for OMO Transaction in Foreign Currency Other than Foreign Currency Term Deposit
- a. An OMO Participant shall be sanctioned if they fail to meet the mandatory settlement of OMO transaction in foreign currency, including:
 - 1) Transaction of Foreign Currency against SBN set forth in point VII.10.j; and/or
 - 2) Swap transaction by tender method set forth in point X.9.a.1)d), X.9.a.2)d), X.9.b.1)d), and X.9.b.2)d); and
 - 3) the Forward Transaction by tender method set forth in point XI.9.a.4) and X.9.b.4).
 - b. The sanctions set forth in letter a shall be in the following form:

- 1) written warning, whose copy is delivered to the Financial Services Authority (OJK); and
 - 2) payment obligation calculated based on:
 - a) Fed Fund interest rate applicable on a transaction settlement date plus 200 (two hundred) bps (basis points) multiplied by transaction nominal multiplied by $1/360$ (one per three hundred sixty) for settlement of payment obligation in United States Dollar;
 - b) interest rate issued by the central bank or monetary authority in the relevant foreign currency country (official rate) applicable on a transaction settlement date plus 200 (two hundred) bps (basis points) multiplied by transaction nominal multiplied by $1/360$ (one per three hundred sixty) for settlement of payment obligation in non-United States Dollar foreign currency; or
 - c) the applicable BI rate plus 200 (two hundred) bps (basis points) multiplied by transaction nominal multiplied by $1/360$ (one per three hundred sixty) for settlement of payment obligation in Rupiah.
 - c. The written warning set forth in point b.1) shall be made within 2 (two) business days at the maximum after the settlement date.
 - d. The sanctions for breaching the payment obligation set forth in point b.2) shall be imposed by debiting Rupiah Current Account or foreign currency Current Account of an OMO Participant with Bank Indonesia within 2 (two) business days at the maximum after a settlement obligation date.
3. Sanction for Foreign Currency Term Deposit Transaction

- a. If an OMO Participant fails to meet a settlement obligation resulting in the foreign currency Term Deposit transaction cancelation set forth in point IX.11.a.5), the OMO Participant shall be imposed with the following sanctions:
 - 1) written warning, whose copy is delivered to the Financial Services Authority (OJK); and
 - 2) payment obligation calculated based on Fed Fund interest rate applicable on a transaction settlement date plus 200 (two hundred) bps (basis points) multiplied by transaction nominal multiplied by 1/360 (one per three hundred sixty).
- b. If an OMO Participant fails to meet their obligation on the second leg settlement date of FX Swap transaction set forth in point IX.13.b.3)c), the OMO Participant shall be imposed with the following sanctions:
 - 1) written warning set forth in point a.1); and
 - 2) payment obligation calculated based on the applicable BI rate plus 200 (two hundred) bps (basis points) multiplied by transaction nominal multiplied by 1/360 (one per three hundred sixty).
- c. The written warning set forth in point a.1) and point b.2) shall be delivered no later than 2 (two) business days after the transaction cancelation set forth in point IX.11.a.5) or unfulfilled obligation set forth in IX.13.b.3)c).
- d. The sanctions for breaching the payment obligation set forth in point a.2) shall be imposed by debiting an OMO Participant's foreign currency Current Account with Bank Indonesia within 2 (two) business days at the maximum after a transaction cancelation.

- e. The sanctions for breaching the payment obligation set forth in point b.2) shall be imposed by debiting an OMO Participant's Rupiah Current Account with Bank Indonesia within 2 (two) business days at the maximum after a settlement obligation date.
- 4. Sanctioned Temporary Suspension to Participate in Monetary Operations
 - a. On cancelation of Monetary Operation transaction, consisting of Open Market Operation transaction and/or Standing Facilities transaction, the third time within 6 (six) months, in addition to the sanction set forth in point 1, point 2, and point 3, an OMO Participant shall also be sanctioned with temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive business days.
 - b. The sanctioned temporary suspension to participate in Monetary Operation activities set forth in letter a shall be applied starting from 1 (one) business day after a transaction cancelation.
 - c. If there are 3 (three) cancelations of Monetary Operation transactions within 1 (one) day, the imposed sanction of temporary suspension set forth in letter a may only calculate 3 (three) cancelations. Example of sanction imposition due to monetary operation transaction cancelation shall be as specified in Appendix IX.
- 5. Sanction for Breaching SBI Minimum Holding Period Obligation
 - a. Bank and/or Sub-Registry, which fail to meet the obligations set forth in point II.9, shall be imposed with the following sanctions:
 - 1) written warning, whose copy is delivered to the Financial Services Authority (OJK); and

- 2) payment obligation of 0.01% (one per ten thousand) of SBI transaction value in contravention of the provisions, of Rp10,000,000.00 (ten million rupiah) at the minimum and Rp100,000,000.00 (one hundred million rupiah) at the maximum.
 - b. The written warning set forth in point a.1) shall be delivered after the time limit to submit response has been exceeded as set forth in point II.9.b.3).
 - c. The sanctioned payment obligation set forth in point a.2) shall be imposed by debiting Rupiah Current Account and/or current account with a payer Bank appointed by a Sub-Registry.
6. Sanction for Breaching SDBI Transaction with Parties Other than Bank in the Secondary Market
- a. Any Bank and/or Sub-Registry, which fails to meet the provisions set forth in point III.9, shall be imposed with the following sanctions:
 - 1) written warning, whose copy is delivered to the Financial Services Authority (OJK); and
 - 2) payment obligation of 0.01% (one per ten thousand) of SDBI transaction value in contravention of the provisions, of Rp10,000,000.00 (ten million rupiah) at the minimum and Rp100,000,000.00 (one hundred million rupiah) at the maximum per day.
 - b. The written warning set forth in point a.1) shall be made within 1 (one) business day after the breach is recognized as set forth in point III.9.
 - c. The sanctioned payment obligation set forth in point a.2) shall be imposed by debiting Rupiah Current Account and/or current account with a payer Bank appointed by a Sub-Registry.

XIII. MISCELLANEOUS PROVISIONS

Appendix I to Appendix IX shall be an inseparable part of this Bank Indonesia Circular Letter.

XIV. TRANSITIONAL PROVISIONS

OMO transactions made after the enforcement of this Bank Indonesia Circular Letter shall be part of OMO transactions made prior to the enforcement of this Bank Indonesia Circular Letter, remain subject to the provisions set forth in Bank Indonesia Circular Letter Number 16/23/DPM dated December 24, 2014 concerning Open Market Operations as last amended by Bank Indonesia Circular Letter Number 17/29/DPM dated October 26, 2015 until the relevant transactions due.

XV. CLOSING PROVISIONS

On enforcement of this Bank Indonesia Circular Letter:

- a. Bank Indonesia Circular Letter Number 16/23/DPM dated December 24, 2014 concerning Open Market Operations;
 - b. Bank Indonesia Circular Letter Number 17/8/DPM dated May 20, 2015 concerning the Amendment to Bank Indonesia Circular Letter Number 16/23/DPM dated December 24, 2014 concerning Open Market Operations; and
 - c. Bank Indonesia Circular Letter Number 17/29/DPM dated October 26, 2015 concerning the Second Amendment to Bank Indonesia Circular Letter Number 16/23/DPM dated December 24, 2014 concerning Open Market Operations,
- shall be repealed and declared invalid.

This Bank Indonesia Circular Letter shall come into effect on November 16, 2015.

For public cognizance, it is ordered that this Bank Indonesia Circular Letter be promulgated by placing it in the Official Gazette of the Republic of Indonesia.

Your kind attention shall be highly appreciated.

BANK INDONESIA,

(signed)

DODDY ZULVERDI

HEAD OF MONETARY

MANAGEMENT DEPARTMENT

APPENDIX I

BANK INDONESIA CIRCULAR LETTER

NUMBER 17/37/DPM DATED NOVEMBER 16, 2015

CONCERNING

OPEN MARKET OPERATIONS

APPENDIX I	1
ISSUANCE OF BANK INDONESIA CERTIFICATE (SBI)	2
A. Calculation of SBI Term	2
B. Calculation of SBI True Discount	3

ISSUANCE OF BANK INDONESIA CERTIFICATE (SBI)

A. Calculation of SBI Term

Calculation of 1 (one) month SBI term

Transaction data

Tender date : October 9, 20xx

Tender result settlement date : October 10, 20xx

Due SBI settlement date : November 7, 20xx

October 20xx

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12 ₂	13 ₃	14 ₄	15 ₅	16 ₆	17 ₇	18 ₈
19 ₉	20 ₁₀	21 ₁₁	22 ₁₂	23 ₁₃	24 ₁₄	25 ₁₅
26 ₁₆	27 ₁₇	28 ₁₈	29 ₁₉	30 ₂₀	31 ₂₁	

November 20xx

Due Date

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 ₂₂
2 ₂₃	3 ₂₄	4 ₂₅	5 ₂₆	6 ₂₇	7 ₂₈	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

B. Calculation of SBI True Discount

Tender date : October 9, 20xx

SBI Nominal Value : Rp.1,000,000,000.00

Discount Rate : 6.93%

Due Date : November 7, 20xx

SBI term : 1 month (28 days)

Cash value may be calculated as follows:

$$\begin{aligned}\text{Cash Value} &= \frac{\text{Nominal Value} \times 360}{360 + (\text{Discount Rate} \times \text{Term})} \\ &= \frac{\text{Rp}1,000,000,000 \times 360}{360 + (6.93\% \times 28)} \\ &= \text{Rp}994,638,896.35\end{aligned}$$

$$\begin{aligned}\text{Discount Value} &= \text{Nominal Value} - \text{Cash Value} \\ &= \text{Rp}1,000,000,000 - \text{Rp}994,639,996.58 \\ &= \text{Rp}5,361,103.65\end{aligned}$$

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

APPENDIX II

BANK INDONESIA CIRCULAR LETTER

NUMBER 17/37/DPM DATED NOVEMBER 16, 2015

CONCERNING

OPEN MARKET OPERATIONS

APPENDIX II.....	1
ISSUANCE OF BANK INDONESIA DEPOSIT CERTIFICATE (SDBI).....	2
A. Calculation of SDBI Term	2
B. Calculation of SDBI True Discount.....	3

ISSUANCE OF BANK INDONESIA DEPOSIT CERTIFICATE (SDBI)

A. Calculation of SDBI Term

Example of calculation of 1 (one) month SDBI term

Transaction data

Tender date : October 9, 20xx

Tender result settlement date : October 10, 20xx

Due SBI settlement date : November 7, 20xx

October 20xx						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12 ₂	13 ₃	14 ₄	15 ₅	16 ₆	17 ₇	18 ₈
19 ₉	20 ₁₀	21 ₁₁	22 ₁₂	23 ₁₃	24 ₁₄	25 ₁₅
26 ₁₆	27 ₁₇	28 ₁₈	29 ₁₉	30 ₂₀	31 ₂₁	

Tender Date
Settlement Date
Start to count days

November 20xx						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 ₂₂
2 ₂₃	3 ₂₄	4 ₂₅	5 ₂₆	6 ₂₇	7 ₂₈	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Due Date

B. Calculation of SDBI True Discount

Tender date : October 2, 20xx

SBI Nominal Value : Rp.1,000,000,000.00

Discount Rate : 6.45%

Due Date : January 2, 20xx (91 days)

$$\begin{aligned}
 \text{Cash Value} &= \frac{\text{Nominal Value} \times 360}{360 + (\text{Discount Rate} \times \text{Term})} \\
 &= \frac{\text{Rp}1,000,000,000 \times 360}{360 + (6.45\% \times 91)} \\
 &= \text{Rp}983,957,394.64
 \end{aligned}$$

$$\begin{aligned}
 \text{Discount Value} &= \text{Nominal Value} - \text{Cash Value} \\
 &= \text{Rp}1,000,000,000 - \text{Rp}983,957,394.64 \\
 &= \text{Rp}16,042,605.36
 \end{aligned}$$

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

APPENDIX III

BANK INDONESIA CIRCULAR LETTER

NUMBER 17/37/DPM DATED NOVEMBER 16, 2015

CONCERNING

OPEN MARKET OPERATIONS

APPENDIX III	1
A. STATEMENT LETTER OF OWNERSHIP OF SECURITIES IN FOREIGN CURRENCIES AS UNDERLYING IN REPO TRANSACTION.....	2
B. REPO TRANSACTION OF SECURITIES	4
1. Example of Repo Transaction Using Securities in Foreign Currencies by Fixed Rate Tender Method	4
2. Example of Repo Transaction Using Securities in Foreign Currencies by Variable Rate Tender Method	7

A. STATEMENT LETTER OF OWNERSHIP OF SECURITIES IN FOREIGN CURRENCIES AS UNDERLYING IN REPO TRANSACTION

No. *[filled with letter number]*

To

[filled with SE provisions]

Re : Statement Letter of Ownership of Securities in Foreign Currencies as
Underlying in Repo Transaction

The undersigned:

Name : *[filled with name of Bank's director who may represent the Bank]*

Position : *[filled with position of Bank's director who may represent the Bank]*

Bank : *[filled with name of Bank]*

herein acting in the position mentioned above to participate in Repo Transaction of Securities in foreign currency, hereby declare that:

1. Securities in foreign currency to which repo apply are the OMO Participant's assets, are not put up as collateral, are not attached, are not in any case or dispute, and meet all requirements as the underlying asset as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations; and
2. do not have any other Securities in the form of Bank Indonesia Certificate (SBI), Bank Indonesia Deposit Certificate (SDBI), and Sovereign Securities (SBN).

To support complete information on Securities in foreign currency as the underlying asset in the Repo Transaction, we hereby convey:

1. information on coupon:
 - a. schedule of last coupon payment : *[filled with date/month/year]*

- b. schedule of next coupon payment : *[filled with date/month/year]*
 - c. coupon rate : *[filled with percentage]*
 - d. coupon nominal *[filled with nominal value]*
- 2. statement of holding the Securities in foreign currency in a closing position 1 (one) business day prior to a transaction date; and
 - 3. Computer Processing Result (CPR) of ownership position of the OMO Participant's Securities in Rupiah in a closing position 1 (one) business day prior to a transaction date.

In relation to the Repo Transaction of Securities in foreign currency, we hereby declare that:

- 1. information in this statement is true and justifiable;
- 2. if in the future, it is found that the statements do not match the fact, all legal consequences arising therefrom shall be our full responsibility.

This statement is made voluntarily, without any duress from any other parties, for proper use.

[city], [date, month, year]

Signature

Duty Stamp

*[name and position of director who may
represent the Bank]*

B. REPO TRANSACTION OF SECURITIES

1. Example of Repo Transaction Using Securities in Foreign Currency by Fixed

Rate Tender Method

If Repo Transaction uses Securities in Foreign Currency in the form of Japan Government Bond, the following example applies:

1. Tender Plan

Tender Submission Facility : RMDS
Tender Method : Fixed Rate Tender
Repo Term : 7 days
Repo Rate : 7%
Window Time : 10.30 – 11.00 West Indonesia Time
Settlement : T+0
Underlying Asset : ABCXX, price of 114
DEFYY, price of 125
Haircut : 10% for ABCXX, until ABCXX price = 104
15% for DEFYY, until DEFYY price = 110

2. Bid for tender

Quantity : Rp11 trillion

Table 1 – Bid for tender

(in thousand rupiah)

Bank	Bid Quantity	Cumulative Bid	Repo Rate	Securities to which repo apply	
				Series	Repo Price (SSB Price – Haircut) (%)
(1)	(2)	(3)	(4)	(5)	(6)
Bank A	2,000,000,000.00	2,000,000,000.00	7.00	ABCXX	104
Bank B	700,000,000.00	2,700,000,000.00	7.00	ABCXX	104
Bank C	1,500,000,000.00	4,200,000,000.00	7.00	DEFYY	110
Bank D	3,000,000,000.00	7,200,000,000.00	7.00	ABCXX	104
Bank E	2,600,000,000.00	9,800,000,000.00	7.00	DEFYY	110
Bank F	1,200,000,000.00	11,000,000,000.00	7.00	DEFYY	110

3. Determination of Tender Winner

Quantity : Rp 7 trillion (proportional)

Table 2 – Calculation of Quantity, First Leg Settlement, and Second Leg Settlement

(in thousand rupiah)

(table to be inserted)

Note:

- a. The won quantity is calculated proportionally.

Example of Bank A:

$$\frac{\text{Quantity of Bid A}}{\text{Total Bid}} \times \text{accepted quantity}$$

$$= \frac{\text{Rp2 trillion}}{\text{Rp11 trillion}} \times \text{Rp7 trillion}$$

$$= \text{Rp1,272,727,272.73 thousand} = \text{Rp1,272,728,000 thousand}$$

- b. Nominal of securities in foreign currency to which repo apply will be collateralized and transferred by an OMO Participant to Bank Indonesia's securities account with a custodian agency appointed by Bank Indonesia and will be transferred by Bank Indonesia to the OMO Participant's account with a custodian agency appointed by Bank Indonesia on the second leg settlement.

Rounding up of nominal of securities in foreign currency is according to the smallest nominal of securities in foreign currency and in the minimum amount equal to the won quantity bid.

The smallest nominal of securities in foreign currency used in the example above is 50 thousand.

Example of Bank A (series ABCXX):

$$\frac{\text{in foreign currency}}{\text{Repo Price}} = \frac{\text{¥12,281,462.90 thousand}}{104\%}$$

$$= \text{¥11,809,099 thousand}$$

$$= \text{¥11,809,100 thousand}$$

- c. The first leg settlement value will be credited to a Current Account.
- d. The second leg settlement value will be debited to a Current Account.

Bank	Bid Quantity	Cumulative Bid	Repo Rate	Securities to which repo apply	
				Series	Repo Price (SSB Price – Haircut) (%)
(1)	(2)	(3)	(4)	(5)	(6)
Bank A	2,000,000,000.00	2,000,000,000.00	7.25	ABCXX	104,00000
Bank B	700,000,000.00	2,700,000,000.00	6.99	ABCXX	104,00000
Bank C	1,500,000,000.00	4,200,000,000.00	7.00	DEFYY	110,00000
Bank D	3,000,000,000.00	7,200,000,000.00	7.00	ABCXX	104,00000
Bank E	2,600,000,000.00	9,800,000,000.00	7.00	DEFYY	110,00000
Bank F	1,200,000,000.00	11,000,000,000.00	7.50	DEFYY	110,00000

3. Determination of Tender Winner

SOR : 7.00%

Quantity : Rp 7 trillion

Table 2 – Calculation of Quantity, First Leg Settlement, and Second Leg Settlement

(in thousand rupiah)

Bank	Kuantitas yang dimenangkan 1)	Kumulatif	RR Rate (%)	Kurs Tengah Transaksi BI	Nominal Yang dimenangkan dalam valuta asing	Setelmen SSB			Nilai Setelmen first leg 3)	Bunga Repo	Nilai Setelmen second leg 4)
						Seri	Harga Repo (%)	Nominal SSB yang direpokan 2) dengan pembulatan dalam valas			
(1)	(2)	(3)	(4)	(5)	(6)=(2)/(5)	(7)	(8)	(9)=(6)/(8)	(10)=(2)	(11)=(10)(4) x(7/360)	(12)=(10)+(11)
Bank A	1,272,728,000.00	1,272,728,000.00	7.00	103.63	12,281,462.90	ABCXX	104	11,809,100.00	1,272,728,000.00	1,732,324.22	1,274,460,324.22
Bank B	445,455,000.00	1,718,183,000.00	7.00	103.63	4,298,513.94	ABCXX	104	4,133,200.00	445,455,000.00	606,313.75	446,061,313.75
Bank C	954,546,000.00	2,672,729,000.00	7.00	103.63	9,211,097.17	DEFFY	110	8,373,750.00	954,546,000.00	1,299,243.17	955,845,243.17
Bank D	1,909,091,000.00	4,581,820,000.00	7.00	103.63	18,422,184.70	ABCXX	104	17,713,650.00	1,909,091,000.00	2,598,484.97	1,911,689,484.97
Bank E	1,654,546,000.00	6,236,366,000.00	7.00	103.63	15,965,897.91	DEFFY	110	14,514,500.00	1,654,546,000.00	2,252,020.94	1,656,798,020.94
Bank F	763,637,000.00	7,000,003,000.00	7.00	103.63	7,368,879.67	DEFFY	110	6,699,000.00	763,637,000.00	1,039,394.81	764,676,394.81

Note:

- a. Bank C, Bank D, and Bank E win the tender in a proportional manner with the smallest rounding of Rp1 million.

Bank C

$$\frac{\text{Quantity of Bid C}}{\text{Total Bid C, D, and E}} \times \text{accepted quantity}$$

$$= \frac{\text{Rp1.5 trillion}}{\text{Rp7.1 trillion}} \times \text{Rp3.8 trillion}$$

$$= \text{Rp802,816,901.41 thousand} = \text{Rp802,817,000 thousand}$$

- b. Nominal of securities in foreign currency to which repo apply will be collateralized and transferred by an OMO Participant to Bank Indonesia's securities account with a custodian agency appointed by Bank Indonesia and will be transferred by Bank Indonesia to the

OMO Participant's account with a custodian agency appointed by Bank Indonesia on the second leg settlement.

Rounding up of nominal of securities in foreign currency is according to the smallest nominal of securities in foreign currency and in the minimum amount equal to the won quantity bid.

The smallest nominal of securities in foreign currency used in the example above is 50 thousand.

Example of Bank F (series DEFYY):

$$= \frac{\text{rupiah nominal in foreign currency}}{\text{Repo Price}} = \frac{11,579,658.40}{110\%}$$

$$= \text{¥}10,526,962 \text{ thousand} = \text{¥}10,527,100 \text{ thousand}$$

- c. The first leg settlement value will be credited to a Current Account.
- d. The second leg settlement value will be debited to a Current Account.

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

APPENDIX IV

BANK INDONESIA CIRCULAR LETTER

NUMBER 17/37/DPM DATED NOVEMBER 16, 2015

CONCERNING

OPEN MARKET OPERATIONS

APPENDIX IV	1
CALCULATION OF SBN BUYING AND SELLING SETTLEMENT PRICE IN AN OUTRIGHT MANNER FROM BANK INDONESIA IN THE SECONDARY MARKET	2
A. Formula for Calculation of Settlement Price per unit	2
B. Example of Calculation of Settlement Price per unit.....	3

CALCULATION OF SBN BUYING AND SELLING SETTLEMENT PRICE IN AN OUTRIGHT MANNER FROM BANK INDONESIA IN THE SECONDARY MARKET

A. Formula for Calculation of Settlement Price per unit

1. SUN is in the form of Government Bond with Coupon (including ORI)

$$P_s = P + AI$$

where,

$$P = \left[\frac{N}{\left(1 + \frac{i}{n}\right)^{\left(F \cdot 1 + \frac{d}{E}\right)}} \right] + \left[\sum_{k=1}^F \frac{N \times \frac{c}{n}}{\left(1 + \frac{i}{n}\right)^{\left(k \cdot 1 + \frac{d}{E}\right)}} \right] - \left[N \times \frac{c}{n} \times \frac{a}{E} \right]$$

$$AI = N \times \frac{c}{n} \times \frac{a}{E}$$

2. SUN is in the form of Government Bond without Coupon (zero coupon bond)

$$P_s = \frac{N}{\left(1 + i\right)^{\frac{D}{365}}}$$

3. SUN is in the form of SPN

$$P_s = \frac{N}{1 + \left(i \times \frac{D}{365}\right)}$$

where,

P_s = Settlement Price per unit

P = Net price per unit

N = Nominal value of SUN per unit

AI = Accrued interest per SUN unit

c = Coupon rate in percentage

i = Yield to maturity in percentage until 5 (five) decimals

n = Coupon payment frequency in one year

- D = Actual days calculated from 1 (one) day after the settlement date until the due date
- a = Actual days calculated from 1 (one) day after the start of coupon period date until the due date
- d = Actual days calculated from 1 (one) day after the settlement date until the next coupon payment date
- E = Actual days calculated from 1 (one) day after the start of coupon period date until the next coupon payment date, where settlement is made
- F = Remaining coupon payment frequency from the settlement date until the due date
- k = 1, 2, 3, ..., F

B. Example of Calculation of Settlement Price per unit

1. SUN is in the form of Government Bond with Coupon (including ORI)

On July 14, 20XX, with same-day settlement, Bank Indonesia buys/sells Government Bond at a nominal value per unit of Rp 1,000,000.00 (one million rupiah) with a coupon of 12.125% (twelve point one hundred twenty-five percent) per annum.

This Government Bond will fall due on February 15, 20XX and the coupon will be paid behind on February 15 and August 15 every year.

If the submitted yield is 8.21000% (eight point twenty one thousand percent) and settlement is made on July 14, 20XX, the settlement price per unit of the SUN shall be calculated in the following steps:

N = Rp1,000,000.00 (one million Rupiah)

c = 12.125% (twelve point one hundred twenty-five percent)

- i = 8.21000% (eight point twenty one thousand percent)
- n = 2 (two) times in one year (semi annually), i.e. every February 15 and August 15
- a = 149 (one hundred forty-nine) days, i.e. the actual days calculated from 1 (one) day after the start of coupon period (February 16, 20XX) until the settlement date (July 14, 20XX)
- d = 32 (thirty-two) days, i.e. the actual days calculated from 1 (one) day after the settlement date (July 15, 20XX) until the next coupon payment date (August 15, 20XX)
- E = 181 (one hundred eighty-one) days, i.e. the actual days calculated from 1 (one) day after the start of coupon period until the next coupon payment, where settlement is made (February 16, 20XX until August 15, 20XX)
- F = 4 (four) times, i.e. total remaining coupon payment from the settlement date until the due date
- k = 1, 2, 3, ...F

Net price per unit is calculated as follows:

$$P = \left[\frac{Rp1.000.000}{\left(1 + \frac{8,21\%}{2}\right)^{\left(4 - 1 + \frac{32}{181}\right)}} \right] + \left[\sum_{k=1}^4 \frac{Rp1.000.000 \times \frac{12,125\%}{2}}{\left(1 + \frac{8,21\%}{2}\right)^{k - 1 + \frac{32}{181}}} \right] - \left[Rp1.000.000 \times \frac{12,125\%}{2} \times \frac{149}{181} \right]$$

$$= Rp880,027.69 + Rp226,910.54 - Rp49,906.77$$

$$= Rp1,057,031.45$$

Where accrued interest per unit is calculated as follows:

$$AI = Rp1,000,000 \times 12.125\% / 2 \times 149 / 181$$

$$= Rp49,906.77$$

Settlement price per unit is calculated as follows:

$$\begin{aligned} P_s &= P + AI \\ &= \text{Rp}1,057,031.45 + \text{Rp}49,906.77 \\ &= \text{Rp}1,106,938.22 \\ &= \text{Rp}1,106,936.00 \end{aligned}$$

So, Settlement Price per unit of the SUN after rounding is Rp1,106,936.00 (one million one hundred six thousand and nine hundred thirty-six rupiah).

2. SUN in the form of Government Bond without bond (zero coupon bond)

On July 14, 20XX, with same-day settlement, Bank Indonesia buys/sells Government Bond at a nominal value per unit of Rp1,000,000.00 (one million rupiah).

This Government Bond will fall due on February 15, 20XX. If the submitted yield is 12.50000% (twelve point five percent) and settlement is made on July 14, 20XX, the settlement price per unit of the Government Bond shall be calculated in the following steps:

$$N = \text{Rp}1,000,000.00$$

$$i = 12.50000\%$$

$$D = 581 \text{ (five hundred and eighty-one) days, i.e. the actual days calculated from 1 (one) day after the settlement date (July 15, 20XX) until the due date (February 15, 20XX)}$$

$$P_s = \left[\frac{\text{Rp}1,000,000}{(1 + 12.50000\%)^{\left(\frac{581}{365}\right)}} \right]$$

$$\begin{aligned} P_s &= \text{Rp}829,041.74 \\ &= \text{Rp}829,042.00 \end{aligned}$$

3. SUN in the form of SPN

On July 14, 20XX, with same-day settlement, Bank Indonesia buys/sells SPN at a nominal value per unit of Rp1,000,000.00 (one million rupiah).

This Government Bond will fall due on March 18, 20XX. If the submitted yield is 12.00000% (twelve percent) and settlement is made on July 14, 20XX, the settlement price per unit of the SPN shall be calculated in the following steps:

$$N = \text{Rp}1,000,000.00$$

$$i = 12.00000\%$$

$$D = 248 \text{ (two hundred and forty-eight) days, i.e. the actual days calculated from 1 (one) day after the settlement date (July 14, 20XX) until the due date (March 19, 20XX)}$$

$$P_s = \left[\frac{\text{Rp}1,000,000}{1 + (12,00000\% \times \frac{248}{365})} \right]$$

$$P_s = \text{Rp}924,612.42$$

$$= \text{Rp}924,612.00$$

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

[illegible]

3. Determination of Tender Winner:

- a. Bid declared to win in a proportional manner

Bid limit of USD/IDR rate: Rp11,990

Weighted average of USD/IDR rate: Rp12,011

Penetapan Lelang														
No	Nama Bank	Bid	Kurs USD/IDR	SBN Dijual SERI	Nominal (Rp Miliar)	Kumulatif Penawaran (Rp Miliar)	Kuantitas dimenangkan (Rp Miliar)	Kumulatif yang Dimenangkan (Rp Miliar)	Harga	Accrued Interest (Rp Miliar)	Nilai Setelmen SBN (Rp Miliar)	Kumulatif Nilai Setelmen SBN (Rp Miliar)	Kurs Rata-Rata Tertimbang	Nilai Valas USD
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12) = (8 x 10) + (11)	(13)	(14)	(15) = (12)/(14)
1	C	2	12.045,00	VR000X	500,00	500,00	500,00	500,00	99,808%	3,78	502,82	502,82	12.045,00	41.745.122,46
2	C	1	12.040,00	FR000Y	1.000,00	1.500,00	1.000,00	1.500,00	103,298%	30,24	1063,22	1.566,04	12.041,67	88.307.308,97
3	C	1	12.040,00	FR000X	1.000,00	2.500,00	1.000,00	2.500,00	111,576%	39,58	1155,34	2.721,38	12.041,00	95.958.471,76
4	D	1	12.030,00	FR000Y	250,00	2.750,00	250,00	2.750,00	103,298%	7,56	265,805	2.987,19	12.040,00	22.095.178,72
5	C	1	12.005,00	FR000X	250,00	3.000,00	250,00	3.000,00	111,576%	9,90	288,84	3.276,03	12.037,08	24.059.975,01
6	E	2	12.000,00	FR000X	1.500,00	4.500,00	1.500,00	4.500,00	111,576%	59,38	1733,02	5.009,05	12.024,72	144.418.333,33
7	E	2	12.000,00	FR000Y	500,00	5.000,00	500,00	5.000,00	103,298%	15,12	531,61	5.540,66	12.022,25	44.300.833,33
8	B	1	11.995,00	VR000X	750,00	5.750,00	750,00	5.750,00	99,808%	5,67	754,23	6.294,89	12.018,70	62.878.699,46
9	F	2	11.995,00	FR000Y	500,00	6.250,00	500,00	6.250,00	103,298%	15,12	531,61	6.826,50	12.016,80	44.319.299,71
10	E	1	11.990,00	FR000X	1.500,00	7.750,00	750,00	7.000,00	111,576%	29,69	866,51	7.693,01	12.013,93	72.269.391,16
11	E	1	11.990,00	FR000Y	500,00	8.250,00	250,00	7.250,00	103,298%	7,56	265,805	7.958,81	12.013,10	22.168.890,74
12	E	3	11.990,00	VR000X	500,00	8.750,00	250,00	7.500,00	99,808%	1,89	251,41	8.210,22	12.012,33	20.968.306,92
13	F	1	11.990,00	VR000X	1.000,00	9.750,00	500,00	8.000,00	99,808%	3,78	502,82	8.713,04	12.010,94	41.936.613,84
14	F	3	11.980,00	FR000X	450,00	10.200,00	TIDAK MENANG				Total Setelmen Valas			725.426.425,42
15	G	1	11.970,00	VR000X	300,00	10.500,00					Kurs Rata-Rata Tertimbang			12.010,94

Note:

1. Tender winner may make a rate bid at the same value as or higher than the bid limit of USD/IDR rate received by Bank Indonesia, i.e. Rp11,990. Therefore, the tender winner shall be bank making a rate bid of Rp11,990 or higher than Rp11,990, i.e. number 1-13.
2. Bank E until F (number 10-13) win the tender in a proportional manner according to the weight of each bid compared to the total bid for the rate Rp11,990. Calculation of tender winner quantity in a proportional manner shall be as follows:

Received bid quantity (1-13) : Rp8 trillion

Received bid quantity from higher rate than 11990 (1-9) : Rp6.25 trillion

Remaining quantity to be taken at the rate of 11990 : Rp1.75 trillion

Quantity of Rp1.75 trillion in a proportional manner for total bid in the bid limit of USD/IDR rate received by Bank Indonesia is (10-13) : Rp3.5 trillion

Calculation for nominal value won by each Bank

Bank E = $(1.5/3.5) \times (1.75)$ = Rp0.75 trillion

Bank E = $(0.5/3.5) \times (1.75)$ = Rp0.25 trillion

Bank E = $(0.5/3.5) \times (1.75)$ = Rp0.25 trillion

Bank F = $(1/3.5) \times (1.75)$ = Rp0.50 trillion

3. Nominal of Securities is rounded to the full nominal value provided that, if the value is below and equal to Rp500,000 (five hundred thousand), it will be rounded to zero; if above Rp500,000 (five hundred thousand), it will be rounded to Rp1,000,000 (one million rupiah).
4. Weighted average rate and foreign currency settlement value are rounded to the full nominal value provided that, if the value is below and equal to 0.5 (zero point five), it will be rounded to zero; if above 0.5 (zero point five), it will be rounded to 1 (one).

b. Bid declared to win the full amount

Bid limit of USD/IDR rate: Rp11,990

Penetapan Lelang														
No	Nama Bank	Bid	Kurs USD/IDR	SBN Dijual SERI	Nominal (Rp Miliar)	Kumulatif Penawaran (Rp Miliar)	Kuantitas dimenangkan (Rp Miliar)	Kumulatif yang Dimenangkan (Rp Miliar)	Harga	Accrued Interest (Rp Miliar)	Nilai Setelmen SBN (Rp Miliar)	Kumulatif Nilai Setelmen SBN (Rp Miliar)	Kurs Rata-Rata Tertimbang	Nilai Valas USD
1	2	3	4	5	6	7	8	9	10	11	12 = (8 x 10) + 11	13	14	15 = 12/4
1	C	2	12.045,00	VR000X	500,00	500,00	500,00	500,00	99,808%	3,78	502,82	502,82	12.045,00	41.745.122,46
2	C	1	12.040,00	FR000Y	1.000,00	1.500,00	1.000,00	1.500,00	103,298%	30,24	1.063,22	1.566,04	12.041,67	88.307.308,97
3	C	1	12.040,00	FR000X	1.000,00	2.500,00	1.000,00	2.500,00	111,576%	39,58	1.155,34	2.721,38	12.041,00	95.958.471,76
4	D	1	12.030,00	FR000Y	250,00	2.750,00	250,00	2.750,00	103,298%	7,56	265,81	2.987,19	12.040,00	22.095.178,72
5	C	1	12.005,00	FR000X	250,00	3.000,00	250,00	3.000,00	111,576%	9,90	288,84	3.276,03	12.037,08	24.059.975,01
6	E	2	12.000,00	FR000X	1.500,00	4.500,00	1.500,00	4.500,00	111,576%	59,38	1.733,02	5.009,05	12.024,72	144.418.333,33
7	E	2	12.000,00	FR000Y	500,00	5.000,00	500,00	5.000,00	103,298%	15,12	531,61	5.540,66	12.022,25	44.300.833,33
8	B	1	11.995,00	VR000X	750,00	5.750,00	750,00	5.750,00	99,808%	5,67	754,23	6.294,89	12.018,70	62.878.699,46
9	F	2	11.995,00	FR000Y	500,00	6.250,00	500,00	6.250,00	103,298%	15,12	531,61	6.826,50	12.016,80	44.319.299,71
10	E	1	11.990,00	FR000X	1.500,00	7.750,00	1.500,00	7.750,00	111,576%	59,38	1.733,02	8.559,52	12.011,61	144.538.782,32
11	E	1	11.990,00	FR000Y	500,00	8.250,00	500,00	8.250,00	103,298%	15,12	531,61	9.091,13	12.010,30	44.337.781,48
12	E	3	11.990,00	VR000X	500,00	8.750,00	500,00	8.750,00	99,808%	3,78	502,82	9.593,95	12.009,14	41.936.613,84
13	F	1	11.990,00	VR000X	1.000,00	9.750,00	1.000,00	9.750,00	99,808%	7,56	1.005,64	10.599,59	12.007,18	83.873.227,69
14	F	3	11.980,00	FR000X	450,00	10.200,00	TIDAK MENANG				Total Setelmen Valas			882.769.628,09
15	G	1	11.970,00	VR000X	300,00	10.500,00					Kurs Rata-Rata Tertimbang (USD/IDR)			12.007,18

Note:

1. Tender winner may make a rate bid at the same value as or higher than the bid limit of USD/IDR rate received by Bank Indonesia, i.e. Rp11,990 and won in the full amount. Therefore, the tender winner shall be bank making a rate bid of Rp11,990 or higher than Rp11,990, i.e. number 1-13.
2. Weighted average rate and foreign currency settlement value are rounded to the full nominal value provided that, if the value is below and equal to 0.5 (zero point five), it will be rounded to zero; if above 0.5 (zero point five), it will be rounded to 1 (one).

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

APPENDIX VI

BANK INDONESIA CIRCULAR LETTER

NUMBER 17/37/DPM DATED NOVEMBER 16, 2015

CONCERNING

OPEN MARKET OPERATIONS

APPENDIX VI

TERM DEPOSIT IN FOREIGN CURRENCY.....	2
I. Example of Calculation of Quantity and Determination of Tender Winner of Term Deposit in Foreign Currency by Fixed Rate Tender	2
II. Example of Calculation of Quantity and Determination of Tender Winner of Term Deposit in Foreign Currency by Variable Rate Tender.....	3
III. Example of Application for Registration to Participate in Sharia Term Deposit in Foreign Currency.....	5

TERM DEPOSIT IN FOREIGN CURRENCY

I. Example of Calculation of Quantity and Determination of Tender Winner of Term Deposit in Foreign Currency by Fixed Rate Tender

1. Tender Plan

Bid Submission Facility	: RMDS
Bid Date	: July 9, 20xx
Bid Method	: Fixed rate tender
Term	: 30 days
Interest Rate	: 0.16%
Window Time	: 14.00 – 15.00 West Indonesia Time
Settlement Date	: July 11, 20xx
Due Date	: August 13, 20xx
Tender Result Announcement	: July 9, 20xx / 17.00 West Indonesia Time

2. Tender Bid

Quantity : USD100 million

3. Determination of Tender Winner

All bids until SOR are declared to win

Quantity : USD100 million (full amount)

Table: Calculation of Quantity and Determination of Tender Winner of Term Deposit in Foreign Currency by Fixed Rate Tender

[illegible]

II. Example of Calculation of Quantity and Determination of Tender Winner of Term Deposit in Foreign Currency by Variable Rate Tender

1. Tender Plan

Bid Submission Facility : RMDS
 Bid Date : July 9, 20xx
 Bid Method : Variable rate tender
 Term : 30 days
 Tender Target : USD 50 Million
 Window Time : 14.00 – 15.00 West Indonesia Time
 Settlement Date : July 11, 20xx
 Due Date : July 13, 20xx
 Tender Result Announcement : July 9, 20xx / 17.00 West Indonesia Time

2. Tender Bid

Quantity : USD 100 million
 Interest Rate : 0.14% - 0.18%

3. Determination of Tender Winner

Partly win SOR

SOR : 0.16% (received proportionally)

Weighted average : 0.15260%

Table: Calculation of Quantity and Determination of Tender Winner of Term Deposit in Foreign Currency by Fixed Rate Tender

No	Bank	Penawaran				Pemenang Lelang			
		Kuantitas (USD ribu)	Kumulatif (USD ribu)	Suku Bunga (%)	Rata-Rata Tertimbang Suku Bunga %	Kuantitas (USD ribu)	Kumulatif (USD ribu)	Suku Bunga %	Rata-Rata Tertimbang Suku Bunga %
1	A	8.000,00	8.000,00	0,14	0,14000	8.000,00	8.000,00	0,14	0,14000
2	B	9.000,00	17.000,00	0,15	0,14529	9.000,00	17.000,00	0,15	0,14529
3	C	12.000,00	29.000,00	0,15	0,14724	12.000,00	29.000,00	0,15	0,14724
4	D	9.500,00	38.500,00	0,16	0,15039	8.866,67	37.866,67	0,16	0,15023
5	E	13.000,00	51.500,00	0,16	0,15282	12.133,33	50.000,00	0,16	0,15260
6	F	9.500,00	61.000,00	0,17	0,15549	TIDAK MENANG			
7	G	10.500,00	71.500,00	0,17	0,15762				
8	H	8.500,00	80.000,00	0,17	0,15894				
9	I	8.500,00	88.500,00	0,18	0,16096				
10	J	11.500,00	100.000,00	0,18	0,16315				

Note:

Calculation of tender winner quantity in a proportional manner (bid no. 4 to 5) is as follows:

- Tender quantity received below SOR: USD29,000 (bid 1 until 3)
- Quantity received at SOR: USD22,500 (bid 4 until 5)
- Remaining quantity to be taken at SOR level: USD21,000

Quantity of USD 21 million is proportional to the total bid at SOR level of USD 22.5 million.

Example of quantity won by bid no. 4 and no. 5:

Bank D = (9.5 million/22.5 million) x USD 21 million = USD 8.8 million

Bank E = (13 million/22.5 million) x USD 21 million = USD 12.1 million

III. Example of Application for Registration to Participate in Sharia Term Deposit in Foreign Currency

To:

.....

.....

Re : **Request for Registration to Participate in Sharia Term Deposit in Foreign Currency**

In relation to the implementation of transaction of Sharia Term Deposit in Foreign Currency, we hereby would like to request to be able to participate in the transaction of Term Deposit in Foreign Currency. Information on the registration is as follows:

Name of Bank/Broker¹ :

Terminal Controller Identifier (TCID)² :

Name of correspondence bank/bank appointed for settlement purposes³ :

Account number with correspondence bank/bank appointed for settlement purposes :

Bank Identifier Code/bank appointed for settlement purposes⁴ :

Your kind attention shall be highly appreciated.

City, letter date

(Company Name)

¹ Choose one

² If Bank and or Broker has TCID

³ Choose one and may only be filled by Bank

⁴ Choose one

Signature

(Name of Competent Official)

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

APPENDIX VII

BANK INDONESIA CIRCULAR LETTER

NUMBER 17/37/DPM DATED NOVEMBER 16, 2015

CONCERNING

OPEN MARKET OPERATIONS

APPENDIX VII

SWAP TRANSACTION BY TENDER METHOD.....	2
I. Example of Calculation of Quantity and Determination of Tender Winner of Selling Swap Transaction of Bank Indonesia	2
II. Example of Calculation of Quantity and Determination of Tender Winner of Buying Swap Transaction of Bank Indonesia	3

SWAP TRANSACTION BY TENDER METHOD

I. Example of Calculation of Quantity and Determination of Tender Winner of Selling Swap Transaction of Bank Indonesia

Tenor : 1 month

Indicative target : USD 300 million

Table: Calculation of Tender Winner Quantity in a Proportional Manner

Penawaran			Penetapan Pemenang			
Bidding	Premi Swap	Jumlah USD	Bidding	Premi Swap	Jumlah USD	Jumlah Kumulatif USD
Bank A	64	30.000.000,00	Bank A	64	30.000.000,00	30.000.000,00
Bank B	64	40.000.000,00	Bank B	64	40.000.000,00	70.000.000,00
Bank C	63	50.000.000,00	Bank C	63	50.000.000,00	120.000.000,00
Bank D	63	80.000.000,00	Bank D	63	80.000.000,00	200.000.000,00
Bank E	62	20.000.000,00	Bank E*	62	11.428.571,43	211.428.571,43
Bank F	62	30.000.000,00	Bank F*	62	17.142.857,14	228.571.428,57
Bank G	62	50.000.000,00	Bank G*	62	28.571.428,57	257.142.857,14
Bank H	62	25.000.000,00	Bank H*	62	14.285.714,29	271.428.571,43
Bank I	62	10.000.000,00	Bank I*	62	5.714.285,71	277.142.857,14
Bank J	62	40.000.000,00	Bank J*	62	22.857.142,86	300.000.000,00
Bank K	61	10.000.000,00	TIDAK MENANG			
Bank L	61	5.000.000,00				
Bank M	61	10.000.000,00				
Bank N	60	15.000.000,00				
Bank O	60	20.000.000,00				

Note *):

Calculation of tender winner quantity in a proportional manner (bid of Bank E, Bank F, Bank G, Bank H, Bank I, and Bank J with swap premium of 62) is as follows:

- The received tender quantity is higher than the premium bid limit: USD 200 million
- The received quantity at premium bid limit (bid of Bank E, F, G, H, I, J): USD 175 million
- Remaining quantity to be take at premium bid limit: USD 100 million

Quantity of USD 100 million is proportional to the total bid at premium bid limit of USD 175 million.

Example of quantity won:

Bank E = (20 million/175 million) x USD 100 million = USD 11,428,571. As specified, it is rounded to USD11,400,000.00

Bank F = (30 million/175 million) x USD 100 million = USD 17,142,857. As specified, it is rounded to USD17,100,000.00

II. Example of Calculation of Quantity and Determination of Tender Winner of Buying Swap Transaction of Bank Indonesia

Tenor : 1 month

Indicative target : USD 100 million

Table: Calculation of Tender Winner Quantity in a Proportional Manner

Penawaran			Penetapan Pemenang			
Bidding	Premi Swap	Jumlah USD	Bidding	Premi Swap	Jumlah USD	Jumlah Kumulatif USD
Bank A	53	30.000.000,00	Bank A	53	30.000.000,00	30.000.000,00
Bank B	53	40.000.000,00	Bank B	53	40.000.000,00	70.000.000,00
Bank C	54	50.000.000,00	Bank C	54	50.000.000,00	120.000.000,00
Bank D	54	80.000.000,00	Bank D	54	80.000.000,00	200.000.000,00
Bank E	55	20.000.000,00	Bank E**	55	11.428.571,43	211.428.571,43
Bank F	55	30.000.000,00	Bank F**	55	17.142.857,14	228.571.428,57
Bank G	55	50.000.000,00	Bank G**	55	28.571.428,57	257.142.857,14
Bank H	55	25.000.000,00	Bank H**	55	14.285.714,29	271.428.571,43
Bank I	55	10.000.000,00	Bank I**	55	5.714.285,71	277.142.857,14
Bank J	55	40.000.000,00	Bank J**	55	22.857.142,86	300.000.000,00
Bank K	56	10.000.000,00	TIDAK MENANG			
Bank L	57	5.000.000,00				
Bank M	58	10.000.000,00				
Bank N	59	15.000.000,00				
Bank O	60	20.000.000,00				

Note *):

Calculation of tender winner quantity in a proportional manner (bid of Bank E, Bank F, Bank G, Bank H, Bank I, and Bank J with swap premium of 55) is as follows:

- The received tender quantity is lower than the premium bid limit: USD 200 million
- The received quantity at premium bid limit (bid of Bank E, F, G, H, I, J): USD 175 million

- Remaining quantity to be take at premium bid limit: USD 100 million

Quantity of USD 100 million is proportional to the total bid at premium bid limit of USD 175 million.

Example of quantity won:

Bank E = (20 million/175 million) x USD 100 million = USD 11,428,571. As specified, it is rounded to USD11,400,000.00

Bank F = (30 million/175 million) x USD 100 million = USD 17,142,857. As specified, it is rounded to USD17,100,000.00

Bank G = (50 million/175 million) x USD 100 million = USD 28,571,429. As specified, it is rounded to USD28,600,000.00

Bank H = (25 million/175 million) x USD 100 million = USD 14,285,714. As specified, it is rounded to USD14,300,000.00

Bank I = (10 million/175 million) x USD 100 million = USD 5,714,286. As specified, it is rounded to USD5,700,000.00

Bank J = (40 million/175 million) x USD 100 million = USD 22,857,143. As specified, it is rounded to USD22,900,000.00

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

APPENDIX VIII

BANK INDONESIA CIRCULAR LETTER

NUMBER 17/37/DPM DATED NOVEMBER 16, 2015

CONCERNING

OPEN MARKET OPERATIONS

FORWARD TRANSACTION BY TENDER METHOD	2
I. Example of Calculation of Nominal Value and Determination of Tender Winner of Selling Forward Transaction of Bank Indonesia	2
II. Example of Calculation of Nominal Value and Determination of Tender Winner of Buying Forward Transaction of Bank Indonesia.....	3

FORWARD TRANSACTION BY TENDER METHOD

I. Example of Calculation of Nominal Value and Determination of Tender Winner of Selling Forward Transaction of Bank Indonesia

Tenor : 1 month

Indicative target : USD25,000,000.00

Table: Calculation of Tender Winner Nominal Value in a Proportional Manner

Penawaran			Penetapan Pemenang			
Bank	Nominal Penawaran (USD)	Forward Point	Bank	Nominal Penawaran Dimenangkan (USD)	Forward Point	Jumlah Kumulatif (USD)
A	1,000,000.00	109	A	1,000,000.00	109	1,000,000.00
B	2,000,000.00	108	B	2,000,000.00	108	3,000,000.00
C	5,000,000.00	108	C	5,000,000.00	108	8,000,000.00
D	1,000,000.00	107	D	1,000,000.00	107	9,000,000.00
E	2,000,000.00	106	E	2,000,000.00	106	11,000,000.00
A	2,000,000.00	106	A	2,000,000.00	106	13,000,000.00
F	4,000,000.00	104	F	4,000,000.00	104	17,000,000.00
G	2,000,000.00	104	G	2,000,000.00	104	19,000,000.00
B	1,000,000.00	103	B	1,000,000.00	103	20,000,000.00
D	1,000,000.00	103	D	1,000,000.00	103	21,000,000.00
H	3,000,000.00	102	H	2,000,000.00	102	23,000,000.00
I	2,000,000.00	102	I	1,333,333.33	102	24,333,333.33
J	1,000,000.00	102	J	666,666.67	102	25,000,000.00
K	2,000,000.00	100	Tidak menang			
L	1,000,000.00	100				

Note *):

Calculation of tender winner nominal value in a proportional manner (bid of Bank H, Bank I, and Bank J with forward point of 102) is as follows:

- The received tender nominal value is higher than the received forward point bid limit: USD21,000,000.00
- The received nominal value is at the received forward point bid limit (bid of Bank H, Bank I, and Bank J): USD6,000,000.00

- Remaining nominal value to be take at the received forward point bid limit:
USD4,000,000.00

The nominal value of USD4,000,000.00 is proportional to the total bid at forward point bid limit of USD6,000,000.00.

Example of quantity won:

$$\begin{aligned}\text{Bank H} &= (\text{USD}3,000,000.00/\text{USD}6,000,000.00) \times \text{USD}4,000,000.00 \\ &= \text{USD}2,000,000.00\end{aligned}$$

$$\begin{aligned}\text{Bank I} &= (\text{USD}2,000,000.00/\text{USD}6,000,000.00) \times \text{USD}4,000,000.00 \\ &= \text{USD}1,333,333.33\end{aligned}$$

As specified, it is rounded to USD1,300,000.00

$$\begin{aligned}\text{Bank J} &= (\text{USD}1,000,000.00/\text{USD}6,000,000.00) \times \text{USD}4,000,000.00 \\ &= \text{USD}666,666.67\end{aligned}$$

As specified, it is rounded to USD700,000.00

II. Example of Calculation of Nominal Value and Determination of Tender Winner of Buying Forward Transaction of Bank Indonesia

Tenor : 1 month

Indicative target : USD20,000,000.00

Table: Calculation of Tender Winner Nominal Value in a Proportional Manner

Penawaran			Penetapan Pemenang			
Bank	Nominal Penawaran (USD)	Forward Point	Bank	Nominal Penawaran Dimenangkan (USD)	Forward Point	Jumlah Kumulatif (USD)
A	2,000,000.00	100	A	2,000,000.00	100	2,000,000.00
B	1,000,000.00	100	B	1,000,000.00	100	3,000,000.00
C	3,000,000.00	102	C	3,000,000.00	102	6,000,000.00
D	2,000,000.00	102	D	2,000,000.00	102	8,000,000.00
E	1,000,000.00	102	E	1,000,000.00	102	9,000,000.00
B	1,000,000.00	103	B	1,000,000.00	103	10,000,000.00
C	1,000,000.00	103	C	1,000,000.00	103	11,000,000.00
F	4,000,000.00	104	F	4,000,000.00	104	15,000,000.00
G	2,000,000.00	106	G	1,666,666.67	106	16,666,666.67
H	3,000,000.00	106	H	2,500,000.00	106	19,166,666.67
I	1,000,000.00	106	I	833,333.33	106	20,000,000.00
D	1,000,000.00	107	Tidak Menang			
F	2,000,000.00	108				
J	5,000,000.00	108				
K	1,000,000.00	109				

Note *):

Calculation of tender winner nominal value in a proportional manner (bid of Bank G, Bank H, and Bank I with forward point of 106) is as follows:

- The received tender nominal value is lower than the received forward point bid limit: USD15,000,000.00
- The received nominal value is at the received forward point bid limit (bid of Bank G, Bank H, and Bank I): USD6,000,000.00
- Remaining nominal value to be take at the received forward point bid limit: USD5,000,000.00

The nominal value of USD5,000,000.00 is proportional to the total bid at forward point bid limit of USD6,000,000.00.

Example of quantity won:

$$\begin{aligned}\text{Bank G} &= (\text{USD}2,000,000.00/\text{USD}6,000,000.00) \times \text{USD}5,000,000.00 \\ &= \text{USD}1,666,666.67\end{aligned}$$

As specified, it is rounded to USD1,700,000.00

$$\begin{aligned}\text{Bank H} &= (\text{USD}3,000,000.00/\text{USD}6,000,000.00) \times \text{USD}5,000,000.00 \\ &= \text{USD}2,500,000.00\end{aligned}$$

$$\begin{aligned}\text{Bank I} &= (\text{USD}1,000,000.00/\text{USD}6,000,000.00) \times \text{USD}5,000,000.00 \\ &= \text{USD}833,333.33\end{aligned}$$

As specified, it is rounded to USD800,000.00

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

APPENDIX IX

BANK INDONESIA CIRCULAR LETTER

NUMBER 17/37/DPM DATED NOVEMBER 16, 2015

CONCERNING

OPEN MARKET OPERATIONS

EXAMPLE OF SANCTION IMPOSITION FOR MONETARY OPERATION CANCELATION

Case 1

There are 6 (six) cancelations of Monetary Operation transaction within 6 (six) months, i.e. 1 (one) SUN buying transaction by BI in the secondary market, 1 (one) transaction of 1 (one) month SBI, 1 (one) transaction of deposit facility, 1 (one) transaction of SUN selling by BI in the secondary market, 1 (one) Term Deposit transaction of 3 (three) day tenor, and 1 (one) Repo transaction of 7 (seven) days.

Transaction Cancellation Date	Jul 14, 20xx	Sep 15, 20xx	Dec 9, 20xx
Transaction Cancelled	SUN buying by BI in the secondary market	1-month SBI tender	1) Deposit facility 2) SUN selling by BI in the secondary market 3) Term Deposit of 3 (three) day tenor

			4) Repo of 7 (seven) day tenor
Total Cancellation	1	1	4
Accumulated Cancellation	1	2	6 ¹⁾
Sanction Imposition Date	Jul 15, 20xx	Sep 16, 20xx	Dec 10, 20xx
Sanction	a. Written warning; and b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum.	a. Written warning; and b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum.	a. Written warning; b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum; and c. Temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive business days, i.e. 10, 11, 12, 15, and 16 December 20xx.

1) Since July 14, 20xx, there are 6 (six) accumulated cancellations of Monetary Operation transactions.

Then, the beginning of 6 (six) month period will be recalculated as from the next cancellation.

Case 2

There are 5 (five) cancellations of Monetary Operation transaction within 6 (six) months, i.e. 1 (one) SUN buying transaction by BI in the secondary market, 1 (one) transaction of lending facility, 1 (one) transaction of SUN selling by BI in the secondary market, 1 (one) Term Deposit transaction of 3 (three) day tenor, and 1 (one) Repo transaction of 7 (seven) days.

Then, there are 3 (three) cancelations of Monetary Operation transaction within 6 (six) months, i.e. 1 (one) transaction of deposit facility and 2 (two) tender transactions of 1 (one) month SBI and 3 (three) month SBI.

Transaction Cancellation Date	Jul 14, 20xx	Aug 12, 20xx	Dec 9, 20xx	Dec 16, 20xx
Transaction Cancelled	SUN buying by BI in the secondary market	1) Lending facility 2) SUN selling by BI in the secondary market 3) Term Deposit of 3 (three) day tenor 4) Repo of 7 (seven) day tenor	Deposit Facility	1) 1 month SBI tender 2) 3 month SBI tender
Total Cancellation	1	4	1	2
Accumulated Cancellation	1	5 ²⁾	1	3 ³⁾
Sanction Imposition Date	Jul 15, 20xx	13 Aug, 20xx	Dec 10, 20xx	
Sanction	a. Written warning; and b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum.	a. Written warning; and b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum; and c. Temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive business days, i.e. 13, 14,	a. Written warning; b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum.	a. Written warning; b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum; and c. Temporary suspension for 5 (five) consecutive

		15, 18, and 19 August 20xx.		business days, i.e. 17, 18, 19, 22, and 23 December 20xx.
--	--	-----------------------------	--	---

2) Since July 14, 20xx, there are 5 (five) accumulated cancelations of Monetary Operation transactions.

3) Since December 9, 20xx, there are 3 (three) accumulated cancelations of Monetary Operation transactions.

Then, the beginning of 6 (six) month period will be recalculated as from the next cancelation.

Case 3

On July 14, 20xx, there is 1 (one) cancelation of SUN buying transaction by BI in the secondary market.

On August 28, 20xx, there is 1 (one) cancelation of Deposit Facility transaction. Therefore, since July 14, 20xx, there are 2 (two) cancelations of Monetary Operation transaction (still within 6 (six) months).

On January 26, 20xx, there is 1 (one) cancelation of Deposit Facility transaction. Accumulated cancelation is not calculated since the cancelation on July 14, 20xx because a period of 6 (six) months has passed. However, the calculation starts from the cancelation on August 28, 20xx. Therefore, there are 2 (two) cancelations.

Then, on February 2, 20xx, there is 1 (one) cancelation of 1 (one) month SBI tender transaction. There are 3 (three) cancelations calculated from the cancelation on August 28, 20xx (still within 6 (six) months).

Transaction Cancellation Date	Jul 14, 20xx	Aug 28, 20xx	Jan 26, 20xx	Feb 2, 20xx
Transaction Cancelled	SUN buying by BI in the	5) Lending facility	Deposit Facility	3) 1 month SBI tender

	secondary market	6) SUN selling by BI in the secondary market 7) Term Deposit of 3 (three) day tenor 8) Repo of 7 (seven) day tenor		4) 3 month SBI tender
Total Cancellation	1	4	1	2
Accumulated Cancellation	1	5 ²⁾	1	3 ³⁾
Sanction Imposition Date	Jul 15, 20xx	13 Aug, 20xx	Dec 10, 20xx	
Sanction	a. Written warning; and b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum.	a. Written warning; and b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum.	a. Written warning; b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum.	a. Written warning; b. Payment obligation of 0.01% (one per ten thousand) of the declared canceled transaction nominal value, of Rp10 million at the minimum and Rp100 million at the maximum; and c. Temporary suspension for 5 (five) consecutive business days, i.e. 4, 5, 6, 9, and 10 February 20xx.

Since July 14, 20xx, there are 2 (two) accumulated cancellations. Cancellation on January 26, 20xx is outside the period of 6 (six) months since the cancellation on July 14, 20xx, but it is still within a period of 6 months since cancellation on August 28, 20xx.

Since August 28, 20xx, there are 3 (three) accumulated cancelations. Cancelation on February 2, 20xx is outside the period of 6 (six) months since the cancelation on July 14, 20xx, but it is still within a period of 6 months since cancelation on August 28, 20xx. Then, the beginning of 6 (six) month period will be recalculated as from the next cancelation.

HEAD OF MONETARY MANAGEMENT DEPARTMENT,

(signed)

DODDY ZULVERDI

FREQUENTLY ASKED QUESTIONS (FAQ)

CIRCULAR LETTER NUMBER 17/38/DPM DATED NOVEMBER 16, 2015

CONCERNING OPEN MARKET OPERATIONS

1. Q : What is the background of this Circular Letter?

A : This Circular Letter is issued to strengthen the infrastructures of Monetary Operation transactions, which include Bank Indonesia-Electronic Trading Platform System (BI-ETP System).

2. Q : What are the main provisions specified in this Circular Letter?

A : This Circular Letter specifies matters related to OMO activities, including SBI issuance, SDBI issuance, Repo transactions, Reverse Repo transactions, SBN buying and selling transactions in an outright manner in the secondary market, transactions of foreign currencies against SBN, Rupiah Term Deposit transactions, foreign currency Term Deposit transactions, Swap transactions by tender method, and Forward transactions by tender method.

3. Q : Who are eligible to participate in OMO activities?

A : OMO Participants shall be Banks which meet the requirements for Monetary Operation participants as specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.

4. Q : When is SBI issued and what are the characteristics?

A : SBI is issued by tender method for Rupiah liquidity absorption in the money market. SBI tender is conducted on the business days determined by Bank Indonesia and the window time opens from 08.00 – 16.00 West Indonesia Time. SBI has the following characteristics:

- a. has a unit of Rp1,000,000.00 (one million rupiah);
- b. has the shortest term of 1 month and the longest term of 12 months;
- c. is issued and traded in discount system;
- d. is issued scripless and administered on BI-SSSS;
- e. SBI cash value is calculated based on true discount;
- f. is negotiable;
- g. may be transacted in an outright manner, borrowing, grant, repurchase agreement (repo), or put up as collateral; and
- h. may be put up as collateral provided that SBI under collateral may not be traded.

Related to SBI trade, an SBI owner shall be prohibited from making transactions on their SBI with another party (minimum holding period) for 1 (one) week or 7 (seven) days since SBI buying settlement, except for SBI transactions by Monetary Operation Participants with Bank Indonesia. The transaction includes among others repo transactions, outright transactions, grants, and collateralization. Bank Indonesia shall conduct monitoring, indirect supervision, and/or direct supervision on the implementation of regulations concerning SBI minimum holding period by OMO Participant and Sub-Registry.

5. Q : When is an SDBI transaction made and what are the characteristics?

A : SDBI is issued by tender method for Rupiah liquidity absorption in the money market. SDBI has the following characteristics:

- a. has a unit of Rp1,000,000.00 (one million rupiah);
- b. has the shortest term of 1 month and the longest term of 12 months;
- c. is issued and traded in discount system;
- d. is issued scripless and administered on BI-SSSS;

- e. SBI cash value is calculated based on true discount;
- f. may only be held by Bank;
- g. is negotiable;
- h. may be transacted in an outright manner, borrowing, grant, repurchase agreement (repo), or put up as collateral; and
- i. may be put up as collateral provided that SBI under collateral may not be traded.

Bank Indonesia shall conduct monitoring, indirect supervision, and/or direct supervision on the prohibition from negotiating or transacting SDBI held by any parties other than Banks.

6. Q : When is a Repo transaction made and what are the characteristics?

A : Repo transaction is issued for Rupiah liquidity injection in the money market.

Repo transaction has the following characteristics:

- a. is conducted by tender under sell and buyback principle;
- b. has the shortest term of 1 day and the longest term of 12 months;
- c. Repo interest is calculated based on simple interest method; and
- d. coupon receipt right to Securities under repo for a Repo Transaction period shall remain to belong to OMO Participant.

Repo may be conducted by using underlying Securities in Rupiah or Securities in foreign currency. Further provisions for Securities are specified in Bank Indonesia regulation concerning the criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.

7. Q : When is a Reverse Repo transaction made and what are the characteristics?

A : Reverse Repo transaction is issued by tender method for Rupiah liquidity absorption in the money market. Reverse Repo transaction has the following characteristics:

- a. is conducted by tender under sell and buyback principle; and
- b. has the shortest term of 1 day and the longest term of 12 months;
- c. Reverse Repo interest is calculated based on simple interest method; and
- d. coupon receipt right to Securities under repo for a Reverse Repo Transaction period shall remain to belong to Bank Indonesia.

8. Q : When is SBN buying and selling by Bank Indonesia in an outright manner made and what are the characteristics?

A : SBN buying and selling transactions are made for rupiah injection/absorption in the money market and to maintain SBN availability required as a Monetary Operation instrument to achieve the operational target of monetary policies of Bank Indonesia. Bank Indonesia makes SBN buying and selling by Bank Indonesia in an outright manner by tender or non-tender mechanism.

9. Q : When is transaction of foreign currency against SBN made and what are the characteristics?

A : Transactions of foreign currency against SBN shall be made to support liquidity management to achieve the operational targets of monetary policies in the following manners:

- a. SBN buying in an outright manner by Bank Indonesia; and
- b. selling of foreign currency against Rupiah by Bank Indonesia made at the same time.

10. Q : When is Rupiah Term Deposit transaction made and what are the characteristics?

A : Rupiah Term Deposit transaction is issued for Rupiah liquidity absorption in the money market. Rupiah Term Deposit transaction has the following characteristics:

- a. is conducted by tender method;
- b. is made without issuance of Securities;
- c. has the shortest term of 1 day and the longest term of 12 months; and
- d. may be early redeemed if an OMO Participant no longer has SBI and/or SBN.

11. Q : When is foreign currency Term Deposit transaction made and what are the characteristics?

A : Transactions of foreign currency Term Deposit shall be made to support liquidity management to achieve the operational targets of monetary policies. Foreign Term Deposit transactions are made on business days determined by Bank Indonesia. Foreign Term Deposit transaction has the following characteristics:

- a. is conducted by tender method;
- b. type of foreign currency is United States Dollar;
- c. is made without issuance of Securities;
- d. has the shortest term of 1 day and the longest term of 12 months; and
- e. may be early redeemed entirely or partly.

12. Q : When is Swap transaction made and what are the characteristics?

A : Swap transaction shall be made to support liquidity management to achieve the operational targets of monetary policies. Swap transaction has the following characteristics:

- a. is conducted by tender method;
- b. type of foreign currency is United States Dollar;
- c. has the shortest term of 1 day and the longest term of 12 months;
- d. Spot rate of United States Dollar against Rupiah used in Swap Transaction shall be Jakarta Interbank Spot Dollar Rate (JISDOR); and
- e. OMO Participant, which may participate in Swap Transaction, shall be Foreign Exchange Bank.

13. Q : When is Forward transaction made and what are the characteristics?

A : Forward transaction shall be made to support liquidity management to achieve the operational targets of monetary policies. Forward transaction has the following characteristics:

- a. is conducted by tender method;
- b. type of foreign currency is United States Dollar;
- c. tenor is conducted more than 2 business days and 12 months at the longest;
- d. Spot rate of United States Dollar against Rupiah used in Forward Transaction shall be Jakarta Interbank Spot Dollar Rate (JISDOR); and
- e. OMO Participant, which may participate in Forward Transaction, shall be Foreign Exchange Bank.

14. Q : To what breach shall sanctions apply and what are the form of the sanctions?

A : Sanctions shall be imposed:

- a. if an OMO Participant fails to meet settlement obligation of OMO transactions in Rupiah. The sanctions are:
- 1) written warning whose copy is delivered to the Financial Services Authority (OJK);
 - 2) payment obligation of 0.01% (one per ten thousand) of the declared canceled OMO transaction value, of Rp10 Million at the minimum and Rp 100 Million at the maximum;
 - 3) temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive business days on transaction cancellations for the third time within 6 months.
- b. if an OMO Participant fails to meet settlement obligation of OMO transactions in foreign currency. The sanctions are:
- 1) written warning whose copy is delivered to the Financial Services Authority (OJK);
 - 2) payment obligation, which is calculated based on:
 - a) Fed Fund interest rate applicable on a transaction settlement date plus 200 (two hundred) bps (basis points) multiplied by transaction nominal multiplied by 1/360 (one per three hundred sixty) for settlement of payment obligation in United States Dollar;
 - b) interest rate issued by the central bank or monetary authority in the relevant foreign currency country (official rate) applicable on a transaction settlement date plus 200 (two hundred) bps (basis points) multiplied by transaction nominal multiplied by

1/360 (one per three hundred sixty) for settlement of payment obligation in non-United States Dollar foreign currency; or

- c) the applicable BI rate plus 200 (two hundred) bps (basis points) multiplied by transaction nominal multiplied by 1/360 (one per three hundred sixty) for settlement of payment obligation in Rupiah;

- 3) temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive business days on transaction cancelations for the third time within 6 months.

- c. if an OMO Participant fails to meet settlement obligation resulting in cancelation of foreign currency Term Deposit transaction. The sanctions are:

- 1) written warning whose copy is delivered to the Financial Services Authority (OJK);
- 2) payment obligation calculated based on Fed Fund interest rate applicable on a transaction settlement date plus 200 (two hundred) bps multiplied by transaction nominal multiplied by 1/360;
- 3) temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive business days on transaction cancelations for the third time within 6 months.

- d. if an OMO Participant fails to meet the second leg settlement obligation of Swap transaction. The sanctions are:

- 1) payment obligation calculated based on BI rate applicable plus 200 bps multiplied by transaction nominal multiplied by 1/360.

- 2) temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive business days on transaction cancelations for the third time within 6 months.
- e. if an OMO Participant fails to meet the second leg settlement obligation of Forward transaction. The sanctions are:
- 1) written warning whose copy is delivered to the Financial Services Authority (OJK);
 - 2) payment obligation calculated based on BI rate applicable plus 200 bps multiplied by transaction nominal multiplied by 1/360;
 - 3) temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive business days on transaction cancelations for the third time within 6 months.
- f. if Bank and/or Sub-Registry fails to meet the mandatory SBI Minimum Holding Period. The sanctions are:
- 1) written warning whose copy is delivered to the Financial Services Authority (OJK);
 - 2) payment obligation of 0.01% of the nominal value of SBI transaction breaching the provisions, of Rp10 Million at the minimum and Rp 100 Million at the maximum.
- g. if Bank and/or Sub-Registry breaches provisions for negotiating or transacting SDBI with any parties other than Bank. The sanctions are:
- 1) written warning whose copy is delivered to the Financial Services Authority (OJK);

- 2) payment obligation of 0.01% of the nominal value of SDBI transaction breaching the provisions, of Rp10 Million at the minimum and Rp 100 Million at the maximum.

SUMMARY OF BANK INDONESIA CIRCULAR LETTER

Regulation : Bank Indonesia Circular Letter No. 17/37/DPM dated November 16, 2015
concerning Open Market Operations

Effective : As from November 16, 2015

Summary:

1. This regulation is issued to strengthen the infrastructures of Monetary Operation transactions, namely Bank Indonesia-Electronic Trading Platform System (BI-ETP System).
2. Open Monetary Operations (OMO) are conducted to implement monetary policies by Bank Indonesia through:
 - SBI issuance;
 - SDBI issuance;
 - Repo transaction;
 - Reverse Repo transaction;
 - SBN buying and selling transactions in an outright manner in the secondary market;
 - Rupiah Term Deposit transaction;
 - foreign currency Term Deposit transaction;
 - Swap transaction by tender method; and
 - Forward transaction by tender method.
3. OMO Participants shall be Banks, which meet the requirements as Monetary Operation participants as specified in Bank Indonesia Regulation concerning the

criteria and requirements for Securities, participants, and Intermediary Agencies in Monetary Operations.

4. SBI is issued by tender method for Rupiah liquidity absorption in the money market with the shortest term of 1 month and the longest term of 12 months. SBI tender is conducted on the business days determined by Bank Indonesia.
5. SDBI is issued by tender method for Rupiah liquidity absorption in the money market with the shortest term of 1 month and the longest term of 12 months.
6. Bank Indonesia shall conduct monitoring, indirect supervision, and/or direct supervision of the implementation of provisions for SBI minimum holding period (MHP) by OMO Participant and Sub-Registry and for prohibition from negotiating or transacting SDBI held by any parties other than Bank. SBI minimum holding period (MHP) is determined 1 (one) week, namely 7 (seven) calendar days as from buying settlement date.
7. Repo Transaction shall be made for Rupiah liquidity injection in the money market with the shortest term of 1 day and the longest term of 12 months. Repo Transaction may be made by using underlying Securities in Rupiah or Securities in foreign currency.
8. Reverse Repo transaction shall be made for rupiah liquidity absorption in the money market with the shortest term of 1 day and the longest term of 12 months.
9. SBN buying and selling transaction shall be made for rupiah injection/absorption in the money market and to maintain availability of monetary operation instruments necessary to achieve the operational targets of monetary policies adopted by Bank Indonesia. Bank Indonesia shall make SBN buying and selling transaction in an outright manner by tender or non-tender mechanism.

10. Transactions of Foreign Currency against SBN shall be made to support liquidity management to achieve the operational targets of monetary policies.
11. Rupiah Term Deposit transaction shall be made for Rupiah liquidity absorption in the money market with the shortest term of 1 day and the longest term of 12 months.
12. Foreign Currency Term Deposit transaction shall be made to support liquidity management to achieve the operational target of monetary policies with the shortest term of 1 day and the longest term of 12 months. Foreign currency Term Deposit tender shall be made on business days determined by Bank Indonesia.
13. Swap Transaction shall be made to support liquidity management to achieve the operational target of monetary policies with the shortest term of 1 day and the longest term of 1 year.
14. Forward Transaction by tender method shall be made to support liquidity management to achieve the operational target of monetary policies with tenor of more than 2 (two) business days and 12 (twelve) months at the latest.
15. OMO Transaction shall be made through Bank Indonesia-Electronic Trading Platform System (BI-ETP System) or dealing system facility determined by Bank Indonesia.
16. Sanctions shall be imposed on:
 - a. OMO Participant that fails to meet settlement obligation of OMO transaction in Rupiah.
 - b. OMO Participant that fails to meet settlement obligation of OMO transaction in foreign currency.
 - c. Bank and/or Sub-Registry that fails to meet settlement obligation of SBI minimum holding period (MHP).

- d. Bank and/or Sub-Registry that breaches the provisions for prohibition from negotiating or transacting SDBI held by any parties other than Banks.

17. The following previous Circular Letters and their amendments:

- a. Bank Indonesia Circular Letter Number 16/23/DPM dated December 24, 2014 concerning Open Market Operations;
- b. Bank Indonesia Circular Letter Number 17/8/DPM dated May 20, 2015 concerning the Amendment to Bank Indonesia Circular Letter Number 16/23/DPM dated December 24, 2014 concerning Open Market Operations; and
- c. Bank Indonesia Circular Letter Number 17/29/DPM dated October 26, 2015 concerning the Second Amendment to Bank Indonesia Circular Letter Number 16/23/DPM dated December 24, 2014 concerning Open Market Operations,

are repealed and declared null and void.